



The '**KEEP IT SIMPLE ISSUE**' – Understand the Concept of the Conference & explain it to others!

## 2013 Conference Vision & Hypothesis – *Can this deliver Value to you?*

Most lean transformations fail to reach expectations, resulting in the non/under-exploitation of the competitive potential of Lean Thinking... *All encounter similar barriers to success.*

Despite the promise & potential of lean, and despite decades of trying by thousands of companies; and the teaching and coaching by thousands of consultants, associations, books, events, etc., the vast majority of companies fail to come close to the potential lean offers.

It is the hypothesis of this Conference that the prime reason for failure is rooted in an organization's inability to figure out how to **BREAKTHROUGH existing barriers to their leading edge** - *Whatever that might be.*

Data gathered from far and wide demands this Conference provide real learning on '**HOW to BREAKTHROUGH these BARRIERS**' – *to get to their leading edge, and **HOW to start the CHANGE.***



Recurring observation shows most companies unable to **build robust end-to-end HORIZONTAL VALUE STREAM FLOWS** that flow customer-value creation horizontally. The problem is the misalignment of the priorities of the **VERTICAL SILOS** 'areas of jurisdiction' – with the critical-to-the-customer priorities of Horizontal Value Stream Flow... *the flow directly connected to the customer!*

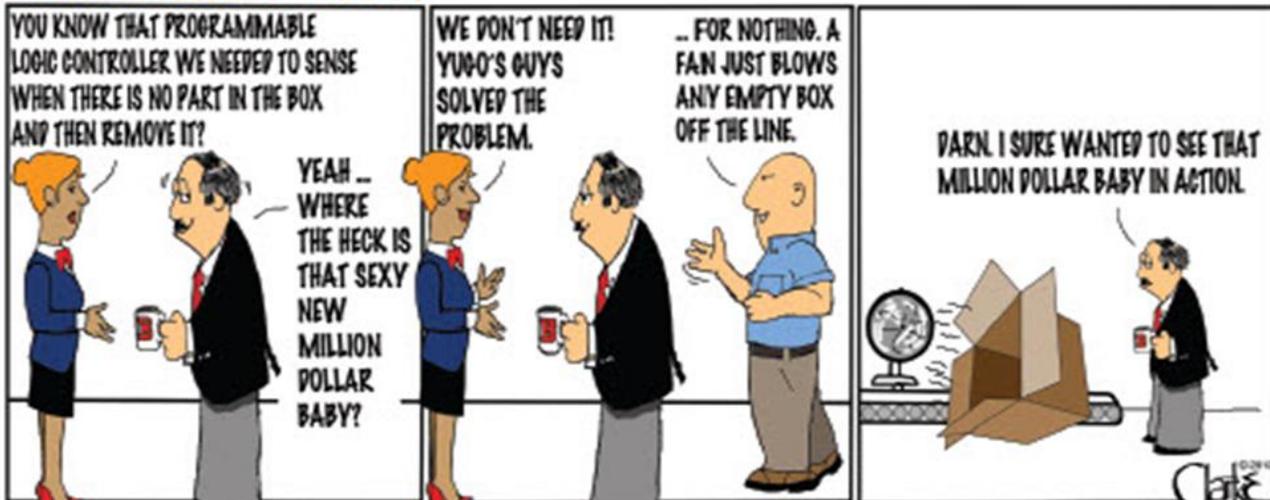
**In summary:** This Conference focuses on **HOW to:**

- Recognize & break the Barriers that hold us back
- Provide powerful 'Walking' tools to see what must be seen
- Applying Horizontal Thinking to accelerate competitiveness by optimizing Extended Horizontal Value Stream Flows of customer value – *through the alignment of supportive Vertical Silo priorities... a message confirmed by Jim Womack's inspiring Keynote in Dallas where he stated that "This is the toughest modern-day challenge for companies."*

**Read the above again... Is it simple? Is it right? Can you pass it on?**

Check out the Simplicity message Barriers Inc. delivers below!

## BARRIERS INC.



HORIZONTAL THINKING



## Keeping the 2013 Conference Core Program Structure Simple

### The big picture

Most conferences consist of a core of flights, streams, or paths – for recent AME Conferences, the term “Value Stream” works nicely for those who appreciate lean thinking.

In 2013 there will be six Value Streams with nine Best Practices (Presentations) in each for a total of 54 presentations. That has not changed this year.

**But what has changed?** It’s just the overall perspective – This Conference wants you to mentally take yourself through a virtual facility walk. In other words, think about doing a ‘Gemba Walk’ and visualize the flow as you go!

**Keep it simple:** Take a common sense Horizontal Value Stream Flow perspective. We know instinctively, whether in manufacturing, healthcare, or mining - that processes flow horizontally from process, to process, to process, as they become a flow that ultimately ends up at the customer.

As the Horizontal flow continues (as shown on the previous page) – it encounters those vertical silos (areas often under the jurisdiction of others) – in manufacturing, the silos might be ‘Planning’, ‘Accounting’, ‘Operations’, or ‘Shipping’ – etc. Such silos slow the Horizontal flow.

Being world class increasingly demands finding ways to accelerate the flow to the customer which means somehow finding out how to align the internal priorities found within the silos with those that impact the velocity of the Horizontal Value Stream Flow.

## Understanding the Horizontal Value Stream Flow of this Conference

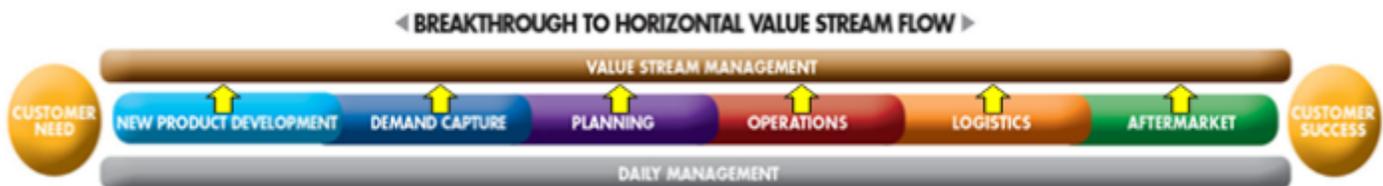
To determine your hour-by-hour flow from Tuesday to Thursday, you will have 8 choices to select from. While your week may consist of selections addressing what you came for – four of the World’s Best ‘Gemba Walkers’ will keynote & show **HOW to execute a value-yielding Gemba Walk.** **Womack, Shook, Jones & Rother will show you *How and WHY they do them that way* – and remind us of the many ways there are. This alone will be worth the price of the conference!**

### Gemba Walk Resources (Archive Link - ATJ eLetter)

Link the following Gemba Walk resources with just one ‘click’. [http://conta.cc/ATJ\\_Archive1](http://conta.cc/ATJ_Archive1)

- ✦ Check out **Gemba Walks**, by Jim Womack (available at [www.ocapt.com](http://www.ocapt.com))
- ✦ ATJ July 11, 2011 Gemba Wisdom
- ✦ ATJ Nov. 14, 2011 GEMBA ISSUE
- ✦ ATJ Mar. 05, 2012. GOSEE-GEMBA-MBWA
- ✦ ATJ Jul. 09, 2012 Come Take a Walk; Horizontal Thinking
- ✦ ATJ Jul. 23, 2012 Plant Tours VS Gemba + Mgmt in Horiz/Vertical
- ✦ ATJ Aug. 06, 2012 Gemba Questions
- ✦ ATJ Aug. 20, 2012 Horizontal VS Vertical
- ✦ ATJ Nov. 12, 2012 Becoming Horiz. in a Vertically Managed World
- ✦ ATJ Jan, 14, 2013 Understanding Horizontal Thinking

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## What you’re Seeing Here...

The graphic above is a visual capturing the spirit of the Breakthrough To Horizontal Value Stream Flow (HVSF) thinking. And just to clarify – the centre shows 6 typical ‘Vertical Operational Silos’ – their descriptions are below. In addition, shown are two elements that ‘flow’ along with the Horizontal Value Stream Flow to maintain it, revitalize it, and sustain it. These two elements are Value Stream Management & Daily Management and are the critical machinery needed to achieve HVSF.

**BREAKTHROUGH TO HORIZONTAL VALUE STREAM FLOW...The ultimate goal is to create the perfect – SINGLE – enterprise-wide value stream process that has zero waste.**

If organizations are going to break through the barriers holding them back, they need to think horizontally in our vertically managed world. A lean organization understands customer value and focuses its key processes to continuously increase its flow speed as it travels through the organization... ‘From customer need... to aftermarket.’



Building our future, together...

A Bi-Weekly eLetter from the 2013  
AME Toronto International Lean Mfg.  
Conference Marketing Team

Volume 03, Issue 10 ~ Monday, May 20, 2013

**Practical Innovation & Continuous Improvement:  
Our Most Formidable Competitive Weapons**

## VALUE STREAM MANAGEMENT (Watch color codes for above) *Making value flow horizontally*

Value Stream Management stretches across the entire horizontal value stream. The function of Value Stream Management is to align the priorities of all operations of an organization (finance, engineering, HR, etc.) with the needs of the single enterprise-wide horizontal value stream flow. Value Stream Management provides the knowledge, insight and best practices that constantly optimize the flow of customer value creation along the horizontal value stream. Highly effective leaders apply vision-driven and people-centered leadership to multi-cultural workforces that deliver sustainable customer results.



## DAILY MANAGEMENT

### *Standard work with vision-driven discipline*

Just like Value Stream Management, Daily Management stretches across the entire horizontal value stream. Daily Management is the discipline of applying and growing the standard work required to ensure a waste-free and vision-driven advancing current state. The standards, routines and work patterns generate new habits that grow the culture needed to solidify, sustain and grow the gains. While corporate leaders provide the vision and communication required to reinforce the new condition, the front line Daily Management focuses their people, processes and technology on preventing slippage and perfecting the daily work that drives and sustains change.

## NEW PRODUCT DEVELOPMENT

### *Ideation generates customer demand*

Breakthrough innovation begins with attentively listening to customers and seeking ways to deliver enhanced value horizontally by engaging their supply chain partners, customers and internal stakeholders. This approach to New Product Development reveals genuine customer needs and accurate value propositions while minimizing waste and cutting cycle times. By being open to new approaches you gain direct access to the customer's valuable voice and benefit from the innovative collaboration of lean thinking and people-centered leaders and managers across the organization.



## DEMAND CAPTURE

### *Linking demand to planning*

Organizations thrive, survive or perish due to their customers' demands and their organization's ability to respond appropriately. World beaters succeed by ensuring that every marketing, sales and communications activity is aligned with creating the ability to



respond quickly to a customer's demand. Their vision is to reduce cycle compression by preventing disruptions and eliminating the waste in processing an order. Winners integrate leading edge quote-to-order demand capture processes with people-centered thinking to maintain excellence throughout the flow of a customer's order.

## PLANNING

### *Developing the methods to get it right*



Planning helps you define and employ the material, procurement, and master scheduling tools and processes required to execute the daily standard work that delivers expected results on time. Effective planning establishes the measures and milestones needed to ensure horizontal value stream flow is continuously supported and optimized. Successful planners understand how people and organizations behave so that they can develop methods and sequences that will deliver breakthrough results on time and on budget.

## OPERATIONS

### *Where customer value is built-in*



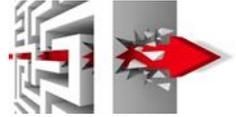
When it comes to zero waste, Operations excellence is critical. That's why we have 20 Operations presentations. Exceptional organizations effectively apply lean processes, tools, and systems thinking throughout their Operations processes. Successful Operations focus on customer value-adding processes along the horizontal value stream flow so that their output is optimized. Winning cultures are experiment-friendly, continuous improvement based and led by people-centered management. Sustainable and stable processes ensure high quality, reliable in-plant flow. Innovation, coupled with workforce skill and competence, is critical to the Operations success of all organizations.

## LOGISTICS

### *Moving products as expected*



Logistics is about moving things from where they are created and stored to where they are needed. Leaders keep their Logistic movement direct, simple, economical and waste-free. Breakthrough supply chain management applies innovative leadership-driven waste and cost reduction strategies. They optimize IT, lean and six sigma for all processes (planning, information, communications and delivery systems). Winners sustain business-team excellence that yields continuously improving performance levels as they cement relationships with employees, business partners and their full supply chain.



## AFTERMARKET

### Gaining from the customer relationship



Every product sold provides an opportunity to build a stronger customer relationship, both during the sale and after delivery. When you treat customers superbly they are much more likely to buy accessories, upgrades, support and related products and services. The aftermarket relationship remains a critical part of the horizontal value stream flow, even after the product warranty ends. Every ending is a new beginning. Winning aftermarket organizations anticipate a customer's expectations and reinforce a quality experience that enhances customer satisfaction and brand loyalty.

## THE POWER OF THE GEMBA WALK

In this flow of thinking – we've learned that one huge solution to grasping HOW to **BREAKTHROUGH** the **BARRIERS** in a HORIZONTAL VALUE STREAM FLOW -- is to master the **GEMBA WALK** AND **GOSEE** what's actually happening!

We now believe that the Gemba walk is one powerful tool – one that can remove blinders to see in starkly naked detail just what is before us. It is shocking, the number of CEO's who have never walked their own Gembas – and have no idea the impact their decisions make on their own vertical value stream flows according to Jim Womack!

From this clarity comes the potential for Vision & Business Objectives to be vastly improved from the focus & alignment.

Because of this, **GEMBA WALKS** are an important element of your Conference which will include the lessons to be taught by four global Keynoters. We went to Jim Womack and Dan Jones – the leaders of the world's largest business sector investigation ever undertaken. It resulted in The Machine that Changed the World in 1990 – a study that exposed to the world that one automotive company was doing far more with far less than any other automaker on the planet. From that observation (more with less) the term "Lean" was born. Thank goodness they did not stop there and are now regarded as responsible for Lean going 'viral' in 1996 with the publication of Lean Thinking. The seminal book that gave Lean to the world in a way they could understand.

The conference tapped the first N American line manager ever in Toyota City Japan, who then brought TPS to NUMMI; wrote so many of our Lean books, and, who is now President and CEO of the Lean Enterprise Institute. In addition, Mike Rother, with John, opened our eyes in 'Learning to See' to the wonders of Value Stream Mapping - and many other books. Mike's made KATA a well-known term.

**GEMBA WALK** thinking, though, is not the main theme, or the biggest 'Barrier Buster' -- it is just one of the critical solution lessons this conference offers. We all understand that there are no two companies the same. It is our hope that with this agenda, many will come away knowing what will work best for them.

## Getting it Clear

The Conference believes that the ability to compete and win in this global market place will depend on **the ability to align the priorities of each Vertically Managed Silo/area of jurisdiction - not to their self-improvement – but, with the priorities of the Extended Horizontal Value Stream which flows to the customer.**

# Perspectives...

## From the World of Consortia

John Chaput led a dramatic program for Consortia at the SME Lean Conference last June... and he is bound that this year's Toronto Consortia program will build on all that has gone before... Here is our leader:

As your 2013 AME Toronto Consortia program Lean Team of **Doug Maki, Scott Smith, Keith Syberg, David Haire, and I** continue to work on the details of the Tuesday Consortia events – we've started recruiting companies that will be engaged in sharing.

**So far we have interest from companies in Saskatoon, Manitoba, Nova Scotia, as well as in the central USA and Australia.** We will be sharing company names and topics shortly.

We are really hoping you are thinking about being with us and entering a team! I for one, will be very excited to hear from you and to provide information for your decision.

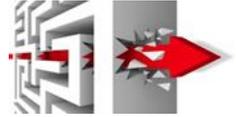
It's free to enter and it can ignite achievement & motivation in your facility - **Not to mention it will be fun and exciting! I should add there is a limit on the number of teams... hence it is first come/first served!**

In our jobs we focus on best practices every day. Let me share a simple perspective that hits home to me - It's:

***"Consistency in Message and Vision  
changes culture more than quick  
application of tools and buzz words!"***

I sincerely look forward to hearing from you – and registering your team to share their consortium story:

Please connect with me at: John Chaput (204)293-9872 [John.chaput@cme-mec.ca](mailto:John.chaput@cme-mec.ca) or - for updates on consortia events check out: Twitter @JC\_Lean. All the best... we are working to prepare a place for you!



## The Real Value Members Get From A Consortium

Over Two Decades of Consortia Members  
confirm these 5 Competitiveness Values:

- ❑ **VELOCITY:** Accelerate the journey to global competitiveness
- ❑ **THINKING:** Exchange of ideas & thinking in a safe environment
- ❑ **LEARNING:** Collaborative Learning - new thinking, practices & innovation
- ❑ **INNOVATION:** Welcome perspectives from "outside eyes" ... inspiring innovation from today's employees
- ❑ **LEVERAGING:** Leveraging of Resources - human, process, technology, information

### Value That A Consortium Can Put in Your Bank

Understanding the thinking behind what drives the emerging consortia movement - can help determine the degree to which a consortium can deliver sustainable, solid, competitiveness value. The closer one looks at the dynamics of a "Consortium" the more one becomes convinced that winners are really "*vision-driven collaborative learning in action*".

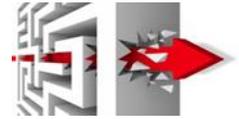
They seem like creatures with an immense appetite for uncovering value to feed to their organizations – populated by individuals, who are committed to the success of their enterprises (Remember Jim's Level 5 leaders?). The most successful demand laser-dot Visions coupled with a discipline that aligns all activities to squeeze out waste everywhere while adding value for the customer. The following has been extracted from hundreds of leaders from Europe, Australia, and North America. The top five competitiveness values shown are usually in the sequence shown.

For many companies it took the last recession to cleanse their thinking about the need to accelerate the rate of change within their companies. And that brought them face-to-face with culture – and how to change it. Hence, **the notion of velocity**, has become widespread as a fundamental appreciation that drives decisions, and organizations forward. To achieve this, the following four values of an Thinking; Learning; Innovation; and Leveraging – tend to line up in this order.

Before welcoming collaborative learning, one must first become comfortable with the free & non-judgmental flow of ideas – **and it must be in a safe environment** where members trust and respect each other. The higher the trust and respect levels – the deeper the probing can proceed. This helps defines what should be learned and to what depth. As confidence in the process increases incrementally, so too, do small innovations become larger innovations. This brings about an appreciation of the incredible amount of value that "outside eyes" can bring to a process under discussion.

The next step - Leveraging – is actually hard to stop. Once improvements & achievement begin to set member minds on fire – and they will ... the jump to 'leveraging' every available resource becomes almost moot... whether the resource is fundamentally human, process, technological, or an information/knowledge resource.

It all starts with the right vision, coupled with the right facilitation & the right Level 5 leadership to ignite the Consortium engine. But once started, the results will continue to flow in an environment possessing a clear vision and a culture built on Trust, Respect, Lean Thinking, and a no-nonsense commitment to customer success!



## Slash Mfg Costs Through Lean Engineering

It's not exactly breaking news that industry in North America is suffering.

Many consider the last bastion of manufacturing here to be **engineer-to-order (ETO)** production, in which knowledge workers customize solutions for individual orders

ETO production is a labour-heavy process that usually involves lots—and *lots*—of intervention from engineers.

Yet all too often these engineers aren't operating as efficiently as they might. Delivery times for domestically produced high-end ETO products can exceed 16 weeks—not exactly the agility manufacturers, or their customers, want.

Engineering work consumes about half that time. Furthermore, since most administrative activities in the production cycle are dependent on receiving technical documentation, engineering is perhaps the biggest bottleneck in Canadian manufacturing today.

This obviously affects the bottom line. When engineering delays occur, the cost of the finished product goes up, production gets backlogged, deliveries get delayed and customers get impatient. Hardly a great way to sell "made in Canada."

**Related:** [Why it's not always cheaper to source internationally](#)

It doesn't have to be this way. In fact, there's a simple six-step process to streamline the thinking processes necessary to design, price and sell a complex custom product. It's called lean engineering, and it warrants your attention: employ it correctly and you can cut your internal costs by at least 10%.

### What is lean engineering?

Lean thinking dictates that *every* process can, and should, be continuously improved. If we formalize the knowledge work performed by engineers as a series of defined steps, and then automate processes that are both standard and constantly repeated, it eliminates the costly overhead that can devastate SMEs. It's an extension of the same philosophy already applied on the shop floor by smarter companies.

Engineers working in a custom manufacturing environment may argue that the work they do is too varied to be automated. That may sometimes be the case.

But in order to grow profitably, your company has almost certainly specialized in a specific product type or market niche — and the smaller you are, the higher the likelihood that your focus is extremely tight.

Chances are, you're dealing with a relatively narrow range of product configurations and features that serve as the basis for near-infinite solutions to unique customer specifications. Therefore, it's reasonably easy to automate many parts of the design of a custom product family. Simply follow these six steps:

1. **Organize your offerings.** Organize product lines into families that share similar performance characteristics and differ *only* in optional feature configurations and dimensional variations.
2. **Define your rules.** For each family, devise a set of specifications, and also the acceptable range of values used to combine an arbitrary mix of specifications into a viable product solution.
3. **Gather data on off-the-shelf offerings.** Create a shared database of information about commercial component standards—things like fasteners and plates. This is the raw data required for engineering decision-making, and having it readily available will eliminate a ton of time.
4. **Automate your decision-making.** Deploy software with algorithms to replicate manual engineering processes—such as filtering allowable assembly configurations—and linking the routines into a comprehensive decision-making tree. This will be your go-to source when designing a custom product.
5. **Use the data to make a prototype.** Apply this automated environment to generate 3D digital CAD prototypes of a proposed custom product. If you've organized things properly, you can do this on demand simply by submitting a set of product specifications through a user interface. Specialized software for this purpose is commercially available.
6. **Create a workback.** Use a 3D digital CAD prototype to review a proposed product, then to generate accurate part and assembly drawings, a bill of materials, a process plan and even compelling sales materials.

The result is that routine technical work, which represents the manufacturing bottleneck, is replaced with an automated system that can design an engineered product to meet most customer requirements.

This means that engineering data on all products is available to everyone on staff—regardless of position. Using this system, a salesperson or, say, a customer-service rep can generate a viable product design.

Perhaps best of all, engineers, the most valued industrial knowledge workers, are now free to innovate with new products and processes rather than perform tedious drudgework.

The engineering bottleneck should never be an obstacle to a custom manufacturer's growth. Lean principles long applied by repetitive manufacturers are now applicable to engineer-to-order producers. Automating proprietary knowledge processes adds significant value to a company's equity because it minimizes dependence on key technical personnel. It's the way of the future: the truly profitable manufacturer of tomorrow will have automated as much as possible.

Gord Hobbs P.Eng., is co-founder of Logicap Engineering Corp., Cambridge, Ont.



Building our future, together...

A Bi-Weekly eLetter from the 2013  
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Conference Marketing Team

Volume 03, Issue 10 ~ Monday, May 20, 2013

**Practical Innovation & Continuous Improvement:  
Our Most Formidable Competitive Weapons**

**AMETORONTO2013**  
Share • Learn • Grow  
OCTOBER 21-25, 2013

**LET'S GET REAL**

## BREAKTHROUGH EXPERIMENTATION

Like you, Leonardo da Vinci was spurred by a passion for doing. That is why in 1505 AD you would find him in the cellar of the Ospedale di Santa Maria Nuova in the center of Florence, Italy, experimenting with getting real about the little-known inside world of the human anatomy. His mission – working to apply newfound knowledge.

500 years later, **Dan Jones**, one of the fathers of lean thinking, was asked to visit this same hospital. This time the examination dealt with the anatomy of the hospital's culture. They began experimenting – using lean – to improve the performance of the entire hospital. It meant dissecting all operational processes and procedures, revealing along the way the true overall importance of what **getting real is all about.**

And that's what the Gemba is all about, right? **Getting real!** And that is exactly what **Dan Jones'** keynote Gemba presentation is going to do. Step inside the oldest hospital in Europe (1288 AD) and get the inside scoop on what they and other modern-day hospitals have done to transform and dramatically improve their ability to diagnose and treat their patients. Dan says: "If they can transform a 725 year old culture, so can you!"

Accelerate your journey to your leading edge. Come to Toronto and hear how amazing breakthrough transformations occur. Dan is one of four Gemba walk storytellers you will learn from. He is joined by leading lean thought leaders **Jim Womack, John Shook** and **Mike Rother** who share their Gemba stories and reveal the lessons learned along the way. **Are you ready to get real? Register now!**

**SAVE WITH OUR LAST CHANCE DISCOUNTS**

REGISTER BY <b>JUNE 30 2013</b> AND SAVE	<b>25%</b> GROUPS 25+	<b>20%</b> TEAMS 10-24	<b>15%</b> 1-9 PEOPLE
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Register today at: **ametoronto.org**

"I have been impressed with the urgency of doing. Knowing is not enough; we must apply. Being willing is not enough; we must do." *Leonardo da Vinci*

With many thanks to our Patrons/Committee Sponsors and Collaborating Partners

**H**ere is an amazing story – and one that will impact people attending the 2013 Conference. The ad above has just gone into print with its focus on the oldest hospital in Europe which was founded in 1288 – **an institution that 725 years later has GONE LEAN.** The person who took them through this dramatic transformation is Dan Jones, co-author with Jim Womack, of Lean Thinking and Lean Solutions... and more.

It is an inspiring – **and A truly Remarkable Story** – because in the basement of this hospital is closeted away the dissection table that da Vinci used to make Breakthroughs into understanding the human body.

Read on.

## A Remarkable Story

Dear Colleagues in Lean

*The most surprising and rewarding thing last year was seeing how lean is transforming the patient journeys through what is thought to be the oldest hospital in Europe, founded on the 23rd of June 1288!*

In the cellar of the *Santa Maria Nuova e Bonifazio Hospital* in the centre of Florence, Italy they still have the slab where Leonardo da Vinci carried out his secret dissections to understand the workings of the human body. This hospital also published the first manual detailing how hospitals should be designed and managed. *La Tavole del Regolamento*, published in 1783, was the bible for how hospitals should be run, until modern times. Now they are one of the most impressive pioneers of lean healthcare.

Their lean story began six years ago when Luigi Marroni, a senior executive heading Fiat's global tractor operations, was asked to become the Director of the regional healthcare system in Florence, his home town. From the beginning he told them lean would be part of their journey to modernize these ancient institutions. Six years later a thoroughly modernized interior is taking shape inside these beautifully restored historic buildings and his growing team of lean engineers led by Dr. Maria Teresa Mechi are transforming the way doctors and nurses work within them. They also have four other hospitals and the responsibility for the entire regional public health system, so they will be busy for many years.

**What is so refreshingly different about their approach is that they look at the hospital as a whole organization and understand exactly the importance of using lean to improve the overall performance of the**



**hospital and its bottom line.** But they also understand very clearly the importance of looking at the fine grained detail of how doctors, nurses and other hospital staff work together to progress patients through the hospital. And one of the first things they did was to organize and recruit managers (many of them clinicians and senior nurses) to run each of the major patient flows from end-to-end. Of course they did training sessions and workshops – but only in the context of the problems they were trying to solve.

The other important difference is that they scoured the world for lean knowledge and brought this back to develop their own internal lean capabilities, rather than relying on external consultants, which never lasts, to do a lot of the work for them. We met at our first [Global Lean Healthcare Summit in 2007](#) and in subsequent visits discussed their early experiments with value stream organization and management. But their progress really accelerated when they came to see the lean work done by the old miners' hospital in Caerphilly in Wales and when they read [Making Hospitals Work](#) and attended our two day workshop, which explained the method Caerphilly used. They went straight back to Florence and implemented what they had seen.

They also decided to organize a public conference in Florence in December to raise awareness of lean healthcare across their organization and across Italy. We brought a team of experts from the UK and were stunned to listen to story after story from doctors and nurses talking about their lean projects in the different hospitals in Florence and in other hospitals in Italy. The seeds of the right way to introduce lean healthcare have been well and truly sown in Italy thanks to their example. We look forward to following and supporting their efforts in the years to come.

***I draw three lessons from this example and from other hospitals I visited around the world last year.***

## First

**New ideas need new leadership.** Without Luigi's vision and his experience of what it takes to make lean really work in other circumstances, none of this would have happened. ***In my experience clinicians and nurses have little problem with evidence-based lean – indeed they see it as common sense. They often ask why management does not just make it happen!***

However at least in the UK they have become used to initiative after initiative being consulted to death, to literally hundreds of new improvement projects being given to already overloaded staff to do in addition to their already overloaded day jobs and to management endlessly distracted by fire-fighting.

At the same time managers who learned to play the highly political process of negotiating for the resources from the politicians and who are skilled at administering and policing the spending of these budgets do not have the skills and experience to run a service delivery business that must pay its way. ***New leadership from***

***“You may have the strength to Breakthrough...  
but do you have the strength to  
Break With the thinking that  
got you there in the first place?”***

***outside healthcare and probably outside the public sector is needed to break this impasse.***

## Second

**All improvement work needs to start from a clear and shared analysis of the quality, effectiveness and safety problems** which contribute to the cost problems facing each healthcare organization, as well as an investigation of the root causes. Surprisingly this is not common practice. Ideally we would use evidence-based medicine to define best practice interventions to eliminate variation and errors. We would also use evidence-based lean management to improve the flow of work to eliminate delays for patients, wasted effort for staff and unnecessary costs for the hospital. But point improvements, whether to address quality problems or to lean parts of the patient journey are almost impossible to sustain in isolation.

Quality and lean are two sides of the same coin. They need to be used in tandem. We would use the scientific method for prioritizing which problems to work on, eliminating the generic root causes of these problems and carefully planning how to implement countermeasures that will stop the problem ever occurring again. We would also use lean principles and tools to link best practice activities into integrated patient journeys from initial consultation to discharge and beyond. We would use visual management to establish stability in the work flow, to see variances and to reveal problems. And we would develop the problem solving skills of staff through learning by doing.

## Third

**The end-to-end patient journey, plus the key support processes, must become the focus of attention for management.** Because so much of managers' time is taken up with meetings and fire-fighting not enough of their time is spent on the front line seeing what is really going on (as opposed to what they think should be going on), unblocking decisions and actions that are holding this up and helping staff to resolve their own problems quickly.

***It can rightly be summed up in the Toyota mantra of “Go and See”, “Ask Why” while generating “Respect for People” trying to do a good job right first time on time.***

Yours sincerely

Daniel T Jones, Chairman, Lean Enterprise Academy  
***PS. I would be very interested in your comments on this e-Letter. Please feel free to circulate this to your colleagues. You can reach Dan at his site [www.leanuk.org](http://www.leanuk.org)***



## Michael Ballé's Gemba Coach Column... Check out the LEI Website for this & more...

*Lean is the application of Scientific method pure and simple... One more time Michael's discussion reminds us that in a world where science is determining the winners and the losers... why would you not apply Scientific method with a vengeance... It is really back to basics... and where have we heard that before!*

Check out the site for much more.

<http://www.lean.org/balle/>

Lean thinking is not a religious dogma, it's scientific thinking applied to business problems, which is why it's OK in lean that different people have different opinions. Scientific thinking is counter-intuitive. One never learns something new – that works for reading newspapers and chatting with colleagues and friends. Instead, one refines one's understanding of the world by testing hypotheses and learning to know when they apply, by how much.

As opposed to philosophy, there is no true or false in science – there is likely and unlikely (admittedly, there can be very likely – mostly proven - and very unlikely – mostly disproved). There are no universals but only specific conditions. Similarly, lean thinking's path to truth is not through learning universal absolutes, but, as Taiichi Ohno framed it, by getting rid of our misconceptions. Most of what we believe is neither right or wrong, it's right in certain contexts, and wrong in others, and learning is about discovering which is which experimentally.

<b>Scientific method</b>	<b>Lean thinking</b>
<i>Observe a phenomenon</i>	<b>Plan:</b> Go to the real place, look carefully, measure how a process performs against known standards
<i>Develop a hypothesis to explain this phenomenon</i>	<b>Plan:</b> Apply lean principles, use lean tools, to list the potential factors generating the gap to standard
<i>Formulate a prediction for that hypothesis</i>	<b>Plan:</b> Confirm these factors one-by-one until you can narrow it down to the most likely cause
<i>Test the prediction</i>	<b>Do:</b> implement a countermeasure to the likely cause and

	<b>Check:</b> study the countermeasure, measure the effects
<i>Refine the hypothesis</i>	<b>Act:</b> Draw conclusions and refine your understanding of the process

In both approaches, the key is to actively seek where the hypothesis doesn't fit the facts so well and progressively refine its formulation and the understanding of its conditions (as opposed to try to prove generalities). What makes it work is the commitment to study countermeasure to see how well they work in real life and so to accelerate learning. It's a tough commitment, and requires real self-discipline. In particular the discipline to realize the first intuitive answer that comes to mind is interesting, but most likely wrong, and it needs to be refined through the PDCA process before becoming meaningful. This discipline essentially distinguishes true lean thinkers from wannabes.

Consequently, every Lean Thinker will have a different response to any given situation. The PDCA process, as with the scientific process, ensures that, through progressive re-statement of hypotheses, people will converge towards areas of confirmed agreement (more likely towards areas of agreement and areas of disagreement, which also mirrors the scientific process). It's a collective process, just as much as it's an individual mental effort to commit to it. Over time, you will find topics where there is agreement on a single message (one-piece-flow is about 20% more productive than batching), through repeated experiments by many people, and other subjects where every person holds their own weird notion – that's OK, it's precisely how lean thinking is supposed to work. The aim is to develop your deeper thinking, not fill you in with preset conclusions.

### Countermeasure to Modern Management

How do we know it works? In companies I know, lean CEOs, like anyone else, work well with some of their directors, and not others. Typically, there will be one or two concrete-head directors who will refuse the Gemba visits from the CEO (one way or other) and will not accept the scientific logic of making hypotheses (causes) explicit, or testing them (countermeasures), but will continue to decide according to reasoning they alone know.

Why aren't CEOs doing something about it? Well, again, lean is not a religion and you don't burn people for being heretics – you just try to convince them (until both sides feel that enough is enough, that is). Knowing what is what is often difficult in business, but with an extensive approach to go and see it becomes much clearer: most problems in the company are now opened to the eye, with a few areas of opacity. We can therefore see the size of the mistakes originating from these areas.

I have two specific cases in mind. One, the cost of a commercial director selling projects with high revenue but negative (in one case, very negative) margins. Another, the case of the IT director pushing solutions no one really wants.



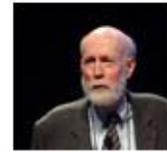
In both cases, we can actually put a \$ value on those avoidable errors – and it ranges in the millions. So the gap to budget is clearly visible because now we understand why in parts of the company where the directors subscribe to lean thinking, and can contrast it with the remaining black holes.

What makes lean unique is that it is the only full-fledged alternative to the “modern management” invented by Alfred Sloan in the previous century. Lean is a full business system with:

1. *A lean theory of strategy:* choosing the customers one wants to pursue, accelerate the delivery flow and improve value, sell at market price, and make your margin by better managing costs.
2. *A lean HR theory:* customer satisfaction is the key to growth; employee satisfaction is the key to customer satisfaction; fulfilling jobs is the key to employee satisfaction; developing engagement (through kaizen), involvement (through teamwork) and autonomy (through standards) is the key to employee satisfaction.
3. *A lean organizational theory:* structure functions around knowledge production and pull value through value stream with a pull system; the management line solves its own problems and improves its own processes.
4. *A lean financial theory:* sales growth is a function of built-in-quality; cash growth is a function of reducing lead-time; profitability growth is a function of eliminating waste; capex utilization is a function of better understanding flexibility, automation, and technical minimum solutions.
5. *A lean supply chain theory:* integrate suppliers by pulling parts and innovations in win-win long-term relationships
6. *A lean leadership theory:* develop more leaders by teaching them to put customers first, go and see, ask “why?” and show respect.
7. *A lean managerial theory:* visualize activities; formulate problems; seek root cause; study countermeasures.
8. And so on...

But this entire paradigm is one in which the ultimate aim is not getting you to apply lean rules, but to get you to deliberately practice PDCA in order to deepen your own understanding of your job, business and industry.

Lean is a big tent, to borrow John Shook’s image, and so it should be. To answer directly your question, everyone in lean has their own perspective on lean because they are expressly encouraged to do so: formulating your own hypotheses is par for the course. The clincher is whether you relate your own ideas of lean to those expressed by those who have come before, in order to seek a deeper



*“I see every value-creating organization as a collection of primary processes, involving many steps that must be performed properly in the proper sequence at the proper time”*

James Womack

understanding of lean, or whether you fixate on your personal understanding and dismiss everyone else’s.

Each Lean Thinker is supposed to have his or her own take on lean. But each Lean Thinker is also supposed to constantly amend their views on the basis of the deep lean tradition as well as new evidence. Learning is a collaborative activity between teacher and student. In any paradigm based on learning, the teacher has the responsibility to teach, but the student must take the responsibility to learn. **As the old joke goes, how many lean senseis does it take to change a light bulb? The answer is just one, but the light bulb has to really want to change. And**



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