



2012 Lean Accounting Summit
 September 13-14, 2012 Gaylord Palms Orlando The Next Generation of Lean Accounting Leaders



Jeff Liker, PhD

- Professor, College of Engineering, The University of Michigan
- Association for Manufacturing Excellence (AME) Hall of Fame
- Winner of 11 Shingo Prizes
- Author of.....

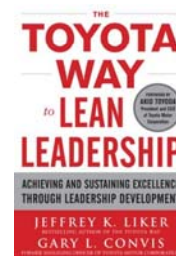


The Toyota Way to Lean Leadership: Leading the Way to Continuous Improvement

Jeffrey K. Liker

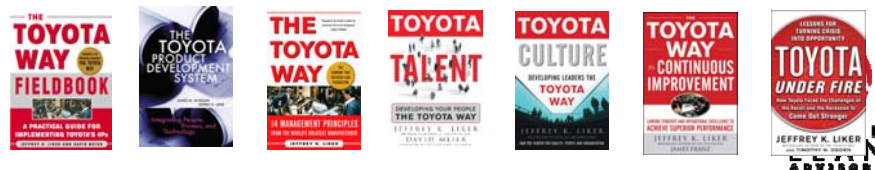
Professor, Industrial and Operations Engineering
 The University of Michigan
 President, Liker Lean Advisors

Newest



Keynote Address

Lean Accounting Summit, Orlando
 September 13, 2012





The problem!



- “Lean” has become a global movement
 - There is a somewhat standard tool set (VSM, kanban, cells, hoshin kanri, standardized work sheets, kaizen events...)
 - Applying the right tools to the right problem can produce results
- BUT:
- The results are rarely sustainable
 - Toyota, the model, rarely teaches or applies these tools as they are introduced by consultants



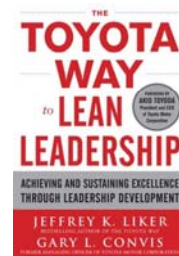
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The Secret Sauce at Toyota is Developing Leaders who engage and develop people in problem solving

Example of Toyota Profound Teaching:

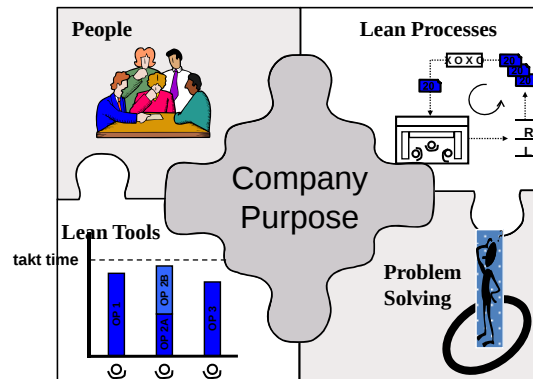
Gary Convis (NUMMI): “There has been a mistake in the body shop. The machines are so close together there is no room for inventory buffers. We will continually shut down the plant.”

Toyota Sensei: “That was no mistake. Please fix the problems.”



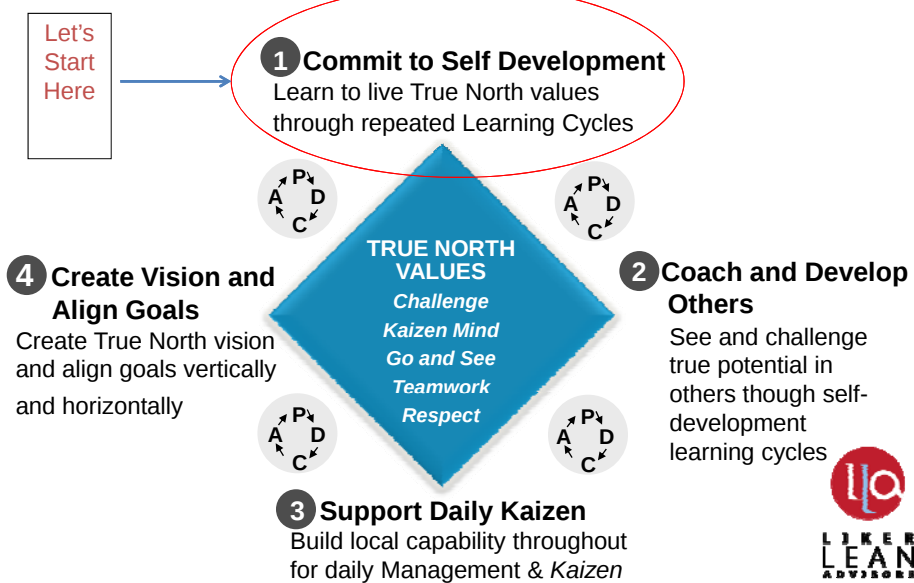
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TPS, The Toyota Way, and Driving toward a Vision: It's a System!



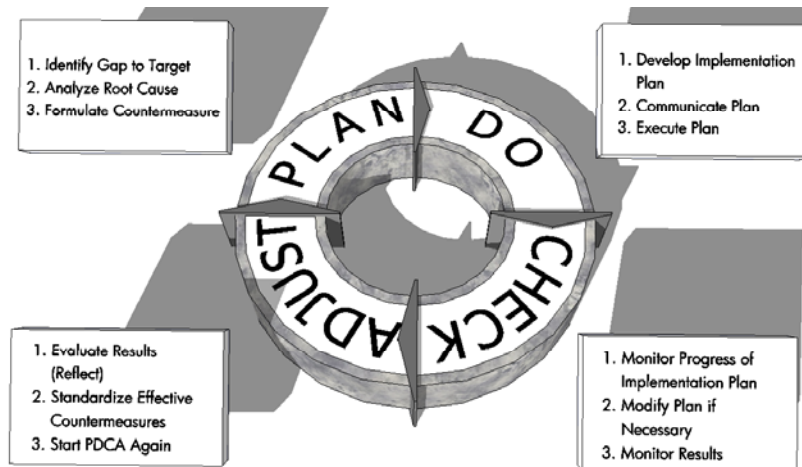
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Lean Leadership Development Model



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PDCA Problem Solving is the Core of What Leaders should Learn and Coach



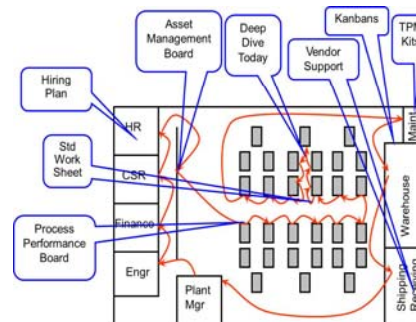
From *Toyota Way to Continuous Improvement*



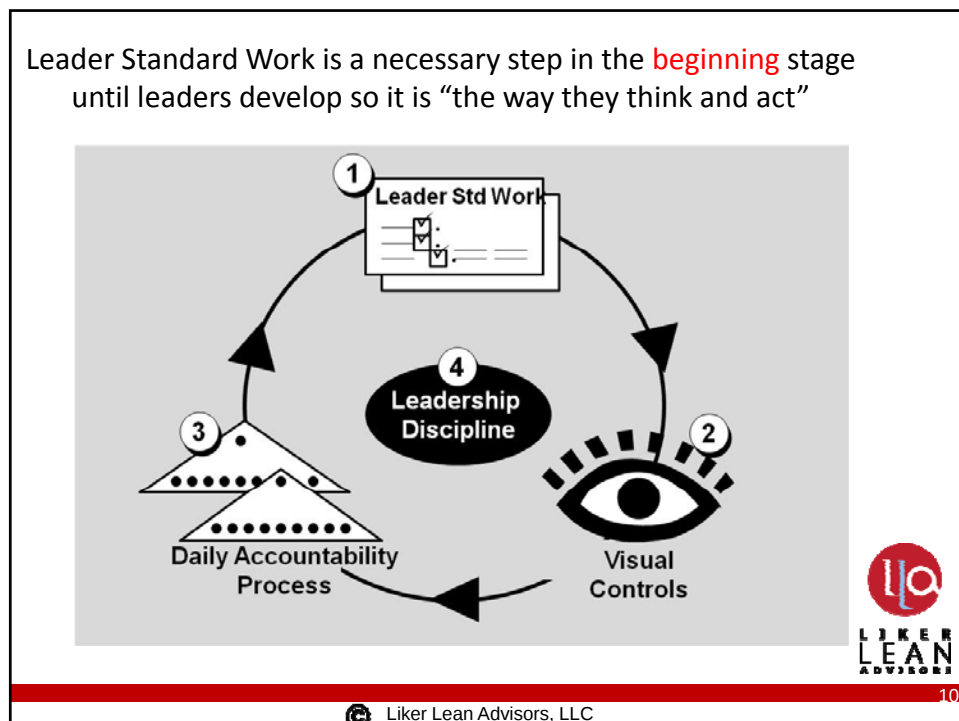
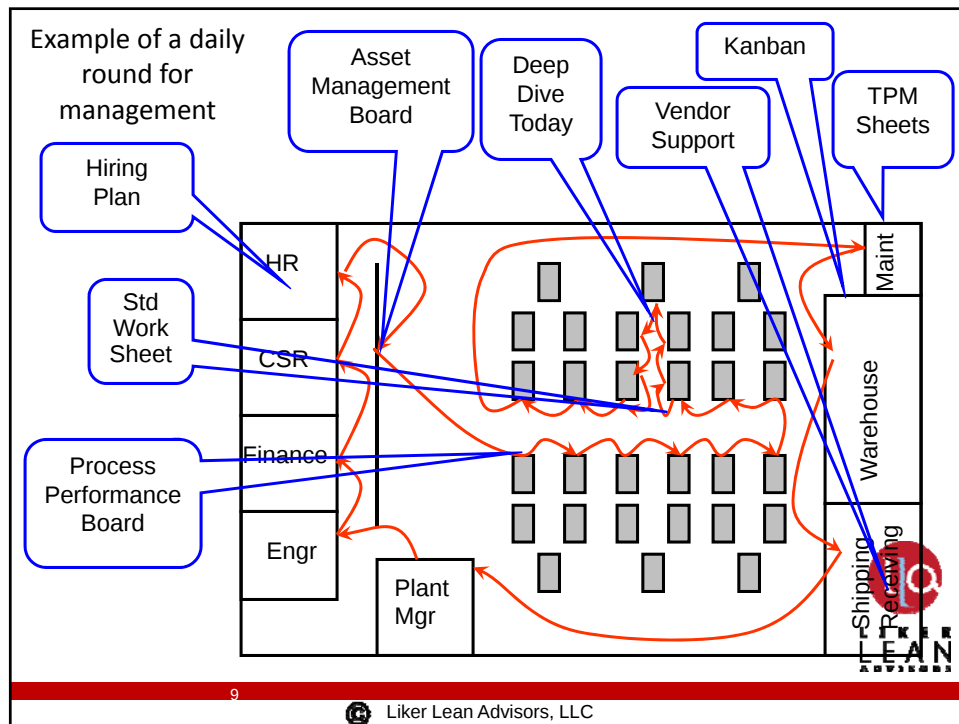
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What is Leader Standard Work?

- The repetitive activities are designed to **identify abnormal situations** such as:
 - Non-standard work
 - Non-standard labor
 - Non-standard inventory
 - Non-standard output
- This is done where the work takes place, “The GEMBA”
- Organized, Visual Management helps leader see abnormalities



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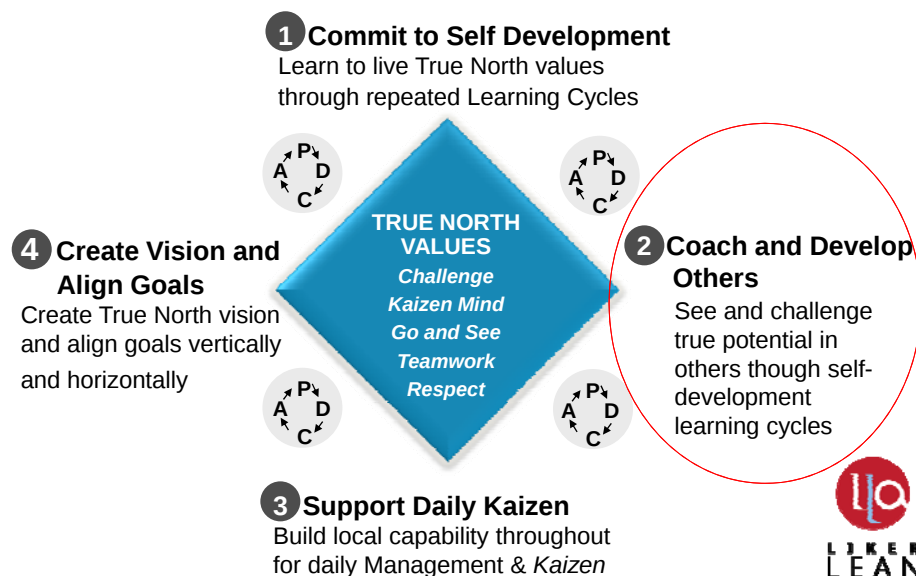
Summary of what Lean Leaders Need to Learn

- Managing from the gemba
- Developing themselves and others
 - Live the core values of the philosophy (respect for people and continuous improvement)
 - Manage effectively from the gemba
 - Become a role model for discipline problem solving
 - Become a teacher and coach for disciplined problem solving



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Lean Leadership Development Model



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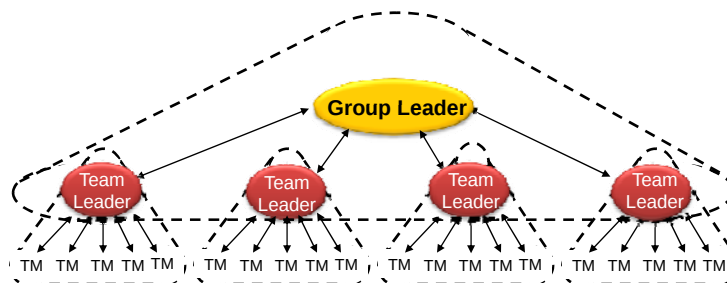
Coaching and Developing Others

- Learning to assess the current understanding and skills of other people
- Coaching others to develop expertise in disciplined problem solving
- Breaking down tasks to give people appropriate assignments to increase their skill to the next level
- Teaching by questioning, instead of by telling
- Ability to build trusting relationships
- Interpersonal skills to balance praise with critical feedback



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Toyota Work Groups at the Heart of Continuous Improvement



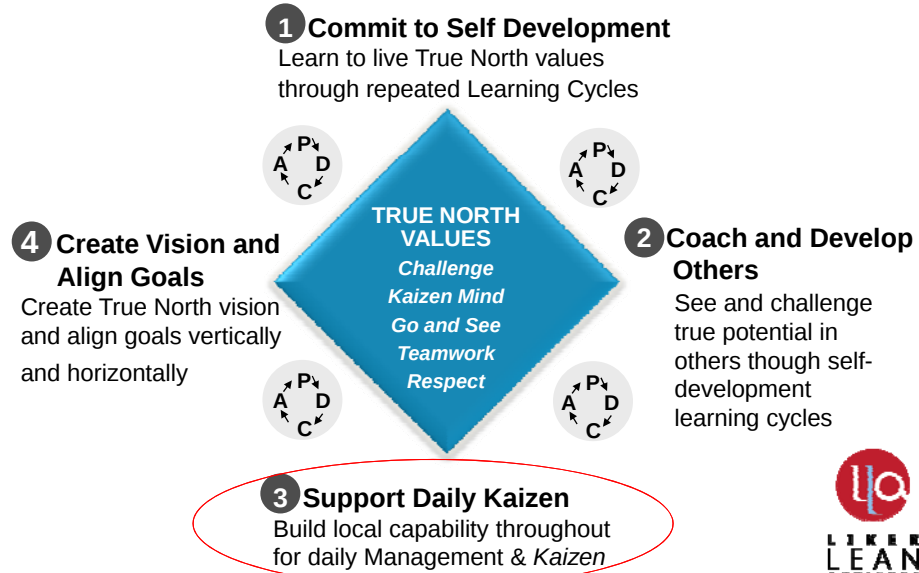
Notes

Ideal TL:TM Ratio= 1:5
 Group Leader (GL) = 1st level of management
 Team Leader (TL) = Alternates working production and leadership roles.
 Team Member (TM) = Production worker



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Lean Leadership Development Model



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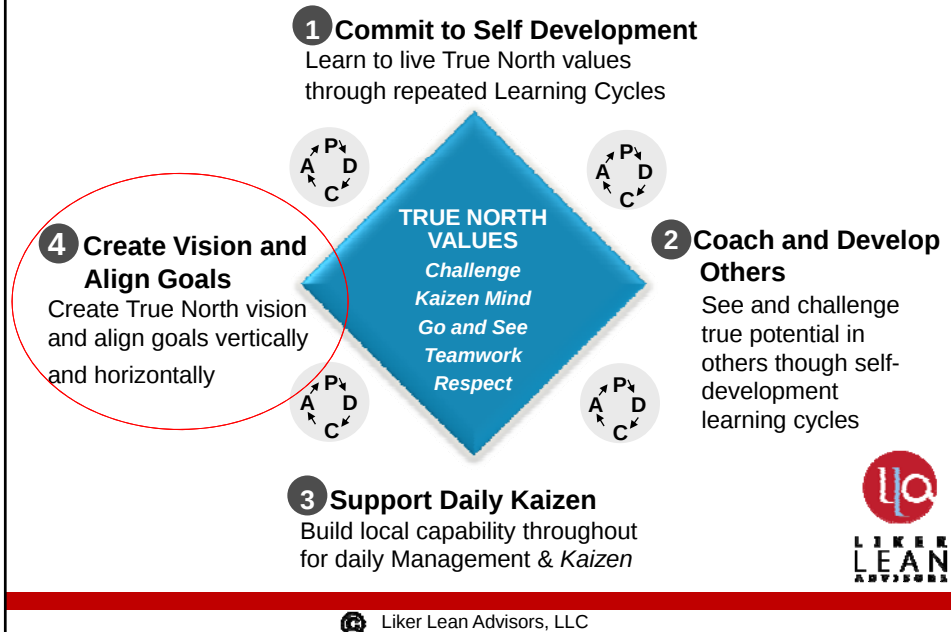
Continuous Improvement means a little better every day:
Visual Management Boards for Each Work Group (Toyota, Kentucky)



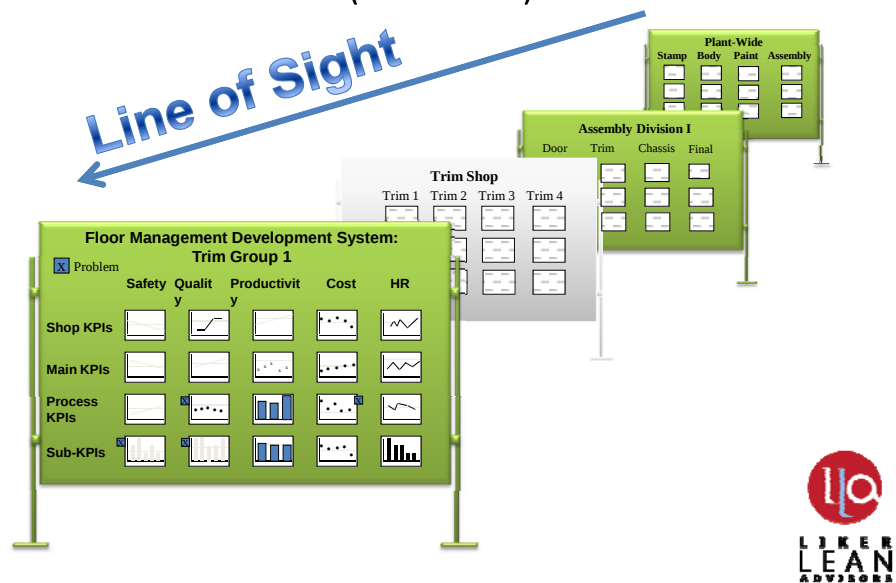
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Lean Leadership Development Model



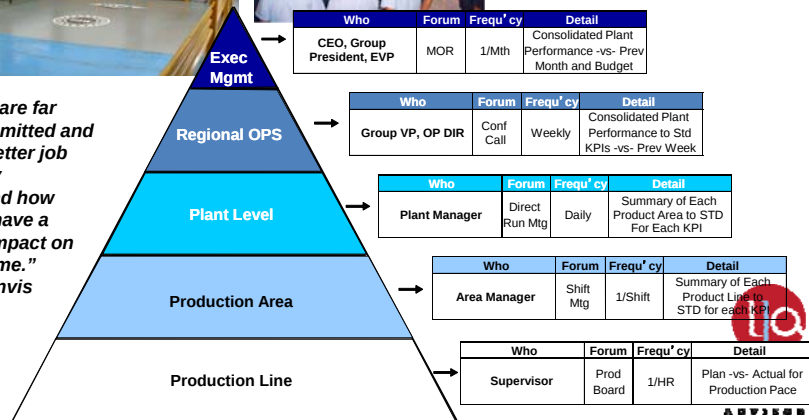
Visual Metrics Aligned from Top to Bottom to meet Annual Plan (Hoshin Kanri)



Visualization & Striving to Meet Aligned Standards

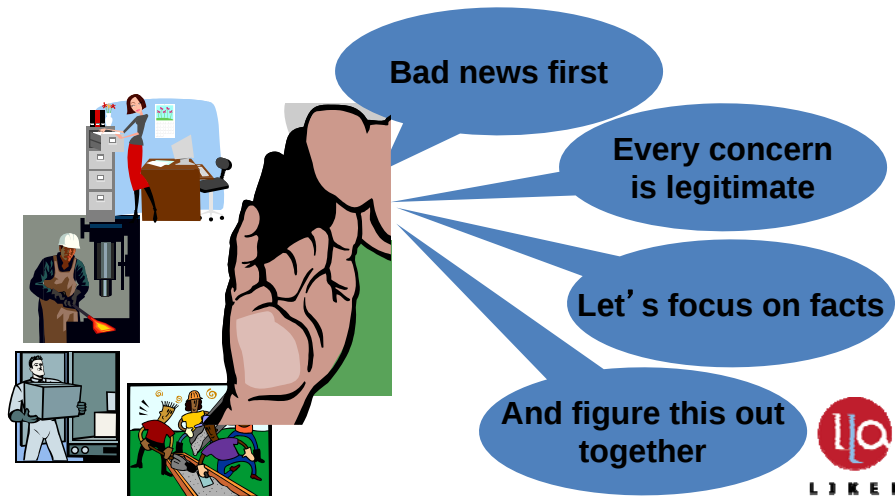


"Workers are far more committed and do a far better job when they understand how they can have a positive impact on the outcome."
--Gary Convis

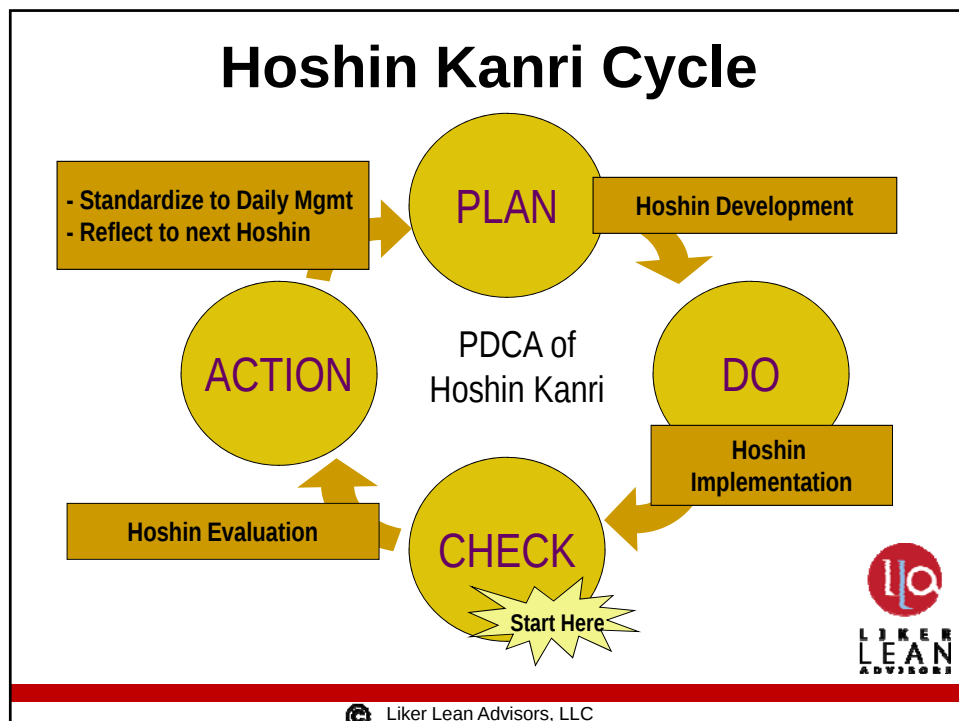
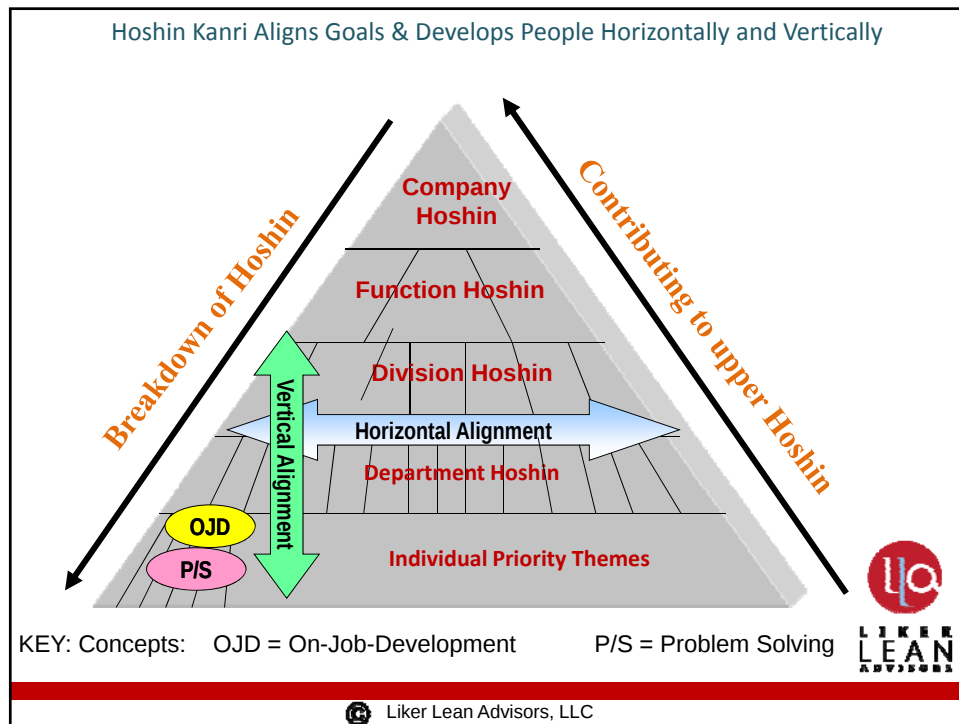


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Lean Leaders are at the gemba, Asking Questions, listening thoughtfully



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Hoshin Kanri and Floor Management System Harnesses the Energy of Work Groups

1. What do we need to do?
(Company → Department → Group)



Hoshin
Objectives
KPI's

2. How should we do it?
(Process)



Floor Mgmt
Daily
Activities

3. How are we doing?
(Results)

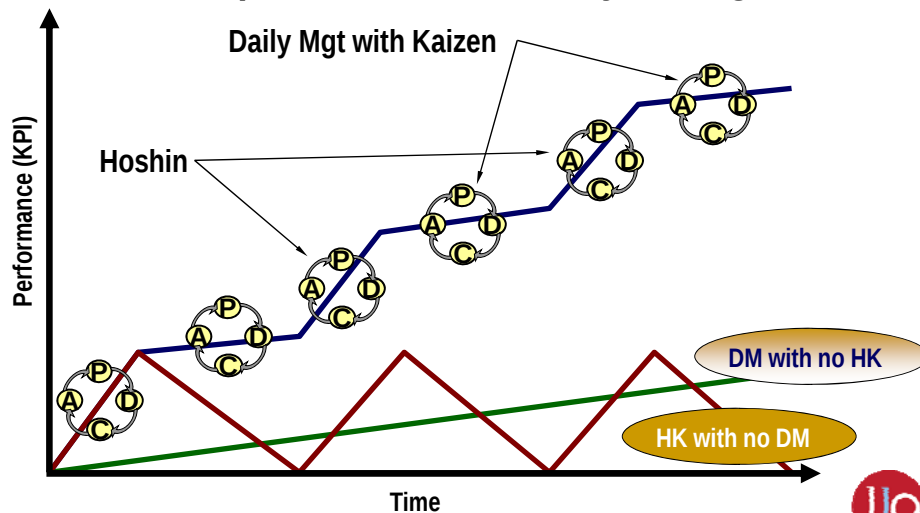


Main KPI
Sub-KPI
Process KPI



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Relationship between HK & Daily Management



- Both are essential - Maintain good balance



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Comparison between MBO and Hoshin Kanri

Management by Objectives	Hoshin Kanri
Short-Term, No Philosophy	Long-Term, Strong Guiding Principles
Results Oriented Evaluation of Effort	Concerned with Results and Process with Focus on People Development
Top down Communication	Top down Direction Setting and Bottom-up flow of Information and means
Directive	Participative
Primarily Authority Oriented	Primarily Responsibility Oriented



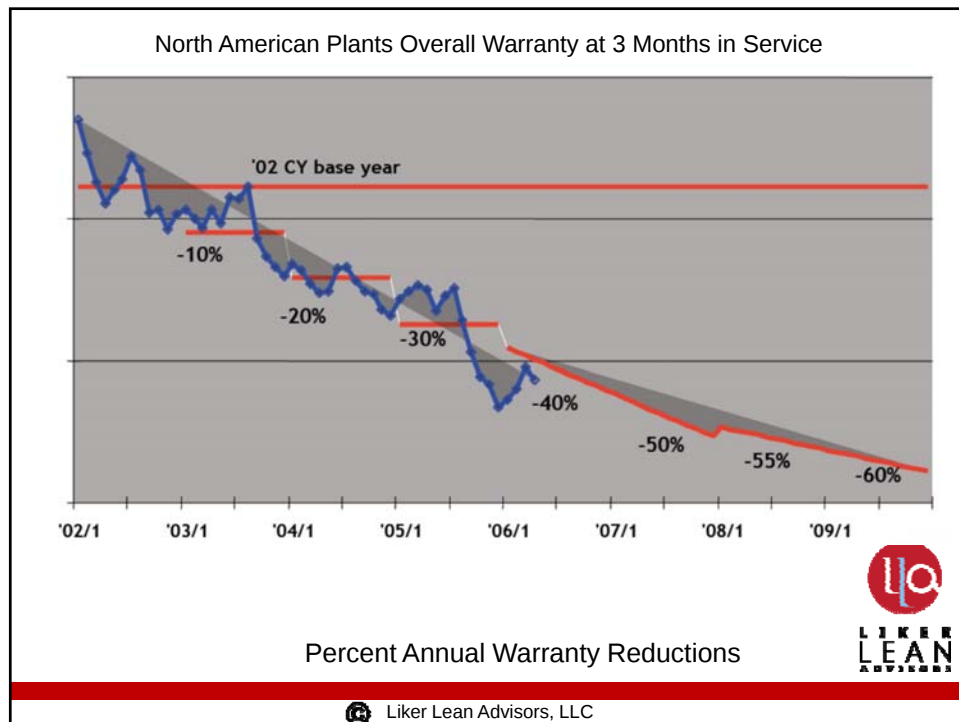
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HK Drives Kaizen at all Levels: Toyota Business Practices for Warranty Reduction

TBP Step	Warranty Reduction Problem Solving
1. Clarify the Problem vs Ideal State	Ideal is customers who are completely satisfied. Currently some customers are inconvenienced by automotive problems.
2. Grasp the Present Situation and See the Gaps	Too many customers are bringing in Toyota vehicles for warranty work which costs them time and satisfaction and costs Toyota money.
3. Breakdown Problem and Set Targets	Warranty problems originate in product development (e.g., poor error proofing), are contributed to in manufacturing (e.g., errors) and discovered in the field. Immediate focus will be on manufacturing through to customer feedback and response. Target=60% reduction.
4. Analyze Underlying Causes	Manufacturing--poor understanding of potential errors throughout manufacturing process and miss defects in inspection. Feedback and response--Problems in field not well diagnosed and communicated and requests for changes are diffuse and ineffective.
5. Develop Countermeasures	Manufacturing--Built-in Quality with Ownership at every work process + improved inspection process. Feedback and response--System for finding root causes of warranty returns and streamlining feedback to appropriate engineering design function.
6. See Countermeasures Through	Deployed through global network of leaders who take responsibility.
7. Monitor Results and Processes	Monitored closely over seven years with continual adjustment.
8. Standardize and Spread	Many new processes were standardized in manufacturing, engineering and sales. Work progressed further on root cause: better training and development of engineers and standardization in engineering, built-in quality with ownership in manufacturing, and an improved warranty reporting system in sales.



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Strong Lean Foundation Long-Term Strategy

- Individual initiative
- People development
- Grow through challenging assignments
- Strategic roadmap for success

“Management has no more critical role than motivating and engaging large numbers of people to work together toward a common goal; defining and explaining what the goal is; sharing a path to achieve it; motivating people to take the journey with you; and assisting them by removing obstacles.”

