



Developing people improves the process

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A person wearing a blue jacket is holding a clipboard with a metal fastener. The background is blurred, showing what appears to be a workshop or industrial setting.

EXECUTIVE SUMMARY

Throughout the years, lean leaders have become experts at improving processes. But in most cases, that's only a half step. True lean leadership involves coaching and training your people so the improved process doesn't slip back from the ideal state, and the plan-do-check-act cycle is a remarkable tool for teaching.

The Toyota Way is held up by two main pillars: Continuous improvement and respect for people. And the good industrial manager knows that respect for people, which is about coaching, developing, supporting and valuing the workforce, is the foundation of continuous improvement.

Actually, people are more important than the process, and companies that put process before people will not earn sustainable results. People are the ones who build, operate, modify and improve the process, so developing people should be your company's highest priority. Focusing only on the process often will lead to system failure.

Early on, Taiichi Ohno, co-developer of the Toyota Production System, refused to document or write the system down for fear that people would focus narrowly on the tools and the theories. When he finally wrote it down, it was presented as a house because a house is a system. If you take away any of the structures that hold up the roof, the roof and entire system will collapse. One of Ohno's students said Toyota made a mistake calling it the Toyota Production System. Instead, Toyota should have called it the Thinking Production System because the real point was to make people think, and people are the value of the system.

Leadership: Lean vs. the classic approach

Unfortunately, while many companies say that they value their people, they actually focus more on the process when using methodologies such as lean or Six Sigma. To develop a culture of improvement, you have to coach and develop your people continuously to change their habits, making improvement a routine.

In a classic management environment, managers who don't get results put pressure on their employees and push improvements. They are seeking quick results and short-term financial gain, not the long-term viable health of the organization. In bureaucratic management, managers take targets from the top and cascade them down to their workers, continually evaluating people using metrics. The ones who get the results are rewarded. The ones who fail might be punished.

Such leaders often are working to a financial plan, with the only care being climbing ladders rapidly and getting results at any cost. This is the classic method of managing people. Such leaders often are separated from the reality of work because they don't take gemba walks to figure out what is really happening on the front lines.

On the other hand, the lean leader takes the target, breaks it down into manageable pieces and goes to the gemba to train, develop, improve and apply the

method. This leader works horizontally to align the effort, method and plan across different functional departments with the company's business goal. This leader is seeking sustainable results. He works with people to solve problems. He goes to the gemba to learn deeply, develop himself and help others to learn and see. This leader is seeking the right process to get the right results by developing people through process improvement.

In the bureaucratic management system, people tend to hide their problems for fear of being blamed. This creates a dysfunctional culture unlike lean, which encourages problems to surface so they can be solved. Unfortunately, bad management habits will develop a negative culture that will continue to prevent organizational success.

Toyota uses improvement kata to develop a routine that will ingrain systematic continuous improvement into all processes. And Toyota uses the coaching kata to coach people on the continuous improvement process so they are capable of meeting the targets and facing the challenge. The early stages of the improvement kata should be practiced under the watching eye of the mentor. So what makes good leaders?

Committing to self-development

Toyota hires people who are committed to self-development and openness to change. You simply can't force people to learn if they don't want to. You can force them to take notes and give feedback, but psychological experiments have proven that such learning will remain at a superficial level.

If only a few people in your system know how to solve problems, one of them leaving will disrupt the whole system. So your organizational target should be that everyone must learn and act. A company is strong because of its people, not its processes. And you have to standardize the learning process so it becomes a routine.

While people who are doing the work should be trained to improve

the process, real change always comes from the top. For example, examine the New United Motor Manufacturing Inc.'s NUMMI plant, the first joint venture between General Motors and Toyota. The initial aim of the Japanese was to train plant manager Gary L. Convis. Convis was in the most critical position. Training him was the key to then training everybody in the hierarchy. From there, training could move down to team leaders.

While teaching comes from the top to bottom, a company's decision-makers are the ones who can transform the organization. So ideally they would learn first. Of course, depending on where you are in your corporate hierarchy, it could be difficult to persuade top management to visit the gemba regularly and get involved directly in the system's continuous improvement. If that's the case, training can start with the middle managers, the supervisors and workers who can select a small project to improve. Hopefully, early successes will convince top management of the importance of continuous improvement methodologies.

Learning to lead at the gemba

Few leaders go the gemba regularly. Some visit only when there is a problem. Others practice daily walks to observe people. To be a truly great leader, you have to learn how to lead at the gemba.

Gemba is the place where the value creating work happens. The real value from these visits comes from observing the actual situation at the processes, providing the needed support for the working teams, realizing what the actual situation is, making decisions based on facts instead of reported metrics, finding the root causes of the problems, improving the process, coaching people and improving people's safety and morale. Every lean tool that creates value and eliminates waste, from work standardization to value stream mapping, should be planned, applied, improved, adapted and standardized at the gemba. Gemba walks should be one of the main core values for any company

that wants to develop good lean leaders.

When Toyota hires new managers or leaders, they are expected to spend enough time at the gemba to understand the process and gain the trust of the people. In other companies, time spent at the gemba varies.

For example, when Convis was asked to leave the NUMMI plant and become president of Toyota's Kentucky plant (He was the first American to become president of that plant.), Toyota told him that he would first have to learn the culture, get involved in the work and get his hands dirty to prove he could handle becoming president. He was to go to the gemba to learn the jobs, understand the people and understand Toyota. Convis had a year to accomplish this. In most corporate cultures outside of the Toyota group of companies, it is unusual for a president to spend so much time at the gemba.

Japanese culture believes in what they call t-leadership, where you should become an expert in a particular technical area before moving to the next level. You have to know what people are doing before you can lead them. When you become expert in something, you can start learning the basics of other things.

As Jeffrey K. Liker, author of *The Toyota Way to Lean Leadership*, explained, Toyota develops t-leaders by moving those with high potential first up the chain of command in their specialty. Then such leaders can move horizontally to different specialties. This also teaches leaders to manage vertically and horizontally.

Leading horizontally across organizations is important when trying to solve large problems that cross different functional departments.

In far too many industrial organizations, CEOs have no idea about the many different operations that include the supply chain, production, quality and the culture of improvement. How do you expect to manage an organization when you don't understand the processes? Such managers cannot solve problems across different functional

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departments if they have never been at the gemba in those departments.

Learning by teaching and developing others

Companies are made of people, and people are not perfect. So continuously developing leaders is the key for perfection, which should be an ultimate goal. When Toyota develops a leader, that leader is expected to become a teacher and develop another leader. It is fundamentally a coaching cycle and a one-to-one coaching method.

For leaders to become coaches, they must be able to assess the trainee skills objectively and find the gap between the skills the trainee has and the skills the trainee needs. Discover the trainee's strengths and weaknesses and then begin coaching. Avoid giving detailed instructions or pointing out the solution. Instead, as Mike Rother presented in *Toyota Kata*, ask questions to observe how the mentee is thinking.

Leadership development is a practical, problem-solving process. Any classroom time should be short, brief and only for the purpose of providing an awareness level. Classrooms don't lead to culture change, but training leaders at the gemba will. Mentees will only learn by doing, and they must practice on a real project. The shu ha ri model of learning detailed below is a good starting routine.

The leader must build trust with the student. If you aren't trusted as a mentor and coach, I won't follow your lessons. In Japan, as Liker explained in *Developing Lean Leaders at All Levels*, the master rarely praises the student. However, such a culture didn't work very well with Americans in the Toyota plants. Therefore, Liker wrote, the Japanese concluded that every criticism should include three things that are positive.

The lesson here is that you can't coach everyone and every culture the same way. Your coaching model must adapt. But the principles are always the same. Critical feedback can be important because without it, mentees won't know what to learn to improve for the next

time. Yet a cascade of positive comments might lead the trainees to think that they are the best and need to learn nothing.

Shu ha ri is a model of learning that comes from the martial arts. It was presented by Liker and Convis in their *The Toyota Way to Lean Leadership*.

Shu means to protect, and in this phase, students are being coached on the fundamentals under the eye of the master. Students must embrace the routine and copy exactly what the master is telling them. There is no deviation accepted.

Ha means to break away, and in this phase, after the student has learned these routines and the basics have become natural, the student has more freedom to practice unsupervised and diverge from these rules. The master may check on the student, who can apply the rules creatively but still must follow the standard rigidly.

Ri means freedom, and in this phase, rules and behaviors have become so ingrained that the student no longer thinks about them consciously. Students then are in the position to develop their own understanding. The student is working beyond the rules.

Think about the work standard. A worker has to learn how to assemble parts on-site following the standard work procedures strictly. The student will learn by doing. In the shu stage, the student will see how the work is done and try to follow the teacher. The worker will practice the job continuously until he or she reaches the second step, ha. The teacher will keep monitoring the student until he or she reaches the final stage, ri. At that point, the worker can observe the overall working procedures and take the responsibility to improve it.

Turning PDCA into a learning cycle

Mistakenly, many people think plan-do-check-act (PDCA) is a continuous improvement cycle, even if they neglect the human part. PDCA does aim to improve the process, but if you have only improved the process without developing and teaching your people, you

have put the process at risk of slipping back.

People must be trained in the culture of continuous improvement so they can keep managing the process with the new method. PDCA is actually a remarkable learning cycle because people learn by doing. The best thing is to pick a real project and start improving a process. You don't learn to play football by watching the coach or golf by watching a match. You have to practice under the watchful eye of the mentor to develop new habits and change the bad ones. An attentive coach is critical to helping you make a new method become routine.

Toyota has several steps in its problem-solving process, steps that cycle through the famous PDCA wheel.

1. Define the problem relative to the ideal (plan).
2. Grasp the current situation.
3. Break down the problem into manageable pieces (plan).
4. Find the root cause of the problem (plan).
5. Develop countermeasures (plan).
6. Implement the solution (do).
7. Examine what the actual outcomes are (check).
8. Adapt, adjust, standardize and scale the solutions to other areas (act).

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Note that the plan phase is invoked five times before proceeding to the do phase. This is to ensure both the quality of the implementation and that the selected countermeasure will solve the problem. Lean emphasizes the plan. And the plan phase cannot be created without a daily observation at the gemba to find the root causes, gather facts, discuss things with the process operators and develop the best countermeasure from different alternatives.

Unfortunately, many leaders jump into the do phase without spending enough time observing the situation to find the real problem. The most enjoyable part for the leader is the "do," but jumping to the do usually results in a quick fix that not only might not solve the real problem, it could create wastes

in other linked areas and escalate the issue.

Take the example of electrical problems in automobiles. In one case, a technician decided that the problem was in the spark plug coils pack. Changing that costs \$350. Unfortunately, that wasn't the problem – a faulty engine control unit (ECU) was. Replacing the ECU cost \$1,500. The waste in time, effort and resources led to a total cost of \$1,850.

Define the problem relative to the ideal to find the current and ideal states. You might consider your quality ratio of 97 percent good, but any gap between the current state and what could be reached is an opportunity for your competitors. One of the main failures in this step is how people hide their problems because they fear blame. There is no culture of visualizing problems and surfacing issues. This always makes it difficult to define the problem and discover the gap between the current state and the ideal state.

Grasping the current situation is critical. Management decisions should be based on facts, not simply metrics or computerized reports. This is why it's so important for managers to go to the gemba to see what reality is. Watch the process and look to solve the problem, and remember not to blame the people.

Break down the problem into manageable pieces. We have seen many companies set targets and cascade them down to the bottom levels. The leaders below are responsible for achieving this target in a timely manner. Top management may blame leaders if this target has not been achieved on time. Upper management also often sets too big of a target, such as an 80 percent improvement in quality this year instead of 20 percent improvement for four years.

This is another example of poor management habits. Psychological experiments have proven that people tend to make progress on concrete, small goals rather than complex, large ones. Seeking large improvements at once will cause a system failure,

especially when people are new to process improvement. Leaders have to be patient. Breaking down the target into small increments will encourage people to participate and act.

When searching for the root cause of the problem, remember that at first glance the problem can appear to be a person. But leaders have to dig deeper to find the true root cause. Overconfidence is one of the biggest barriers to problem-solving. Leaders think they know how to fix things and will follow the problem-solving process at a superficial level. Without the true root cause, you probably will build a plan and invest in resources for something that is not going to work.

Select the suitable solution from different countermeasures that you have received from people involved in the process and from different perspectives. Lean encourages selecting a solution from different alternatives. Prioritize your options and select the countermeasure that has the highest chance of success. Perhaps you can choose one that is easier to try and relatively inexpensive. Then you have to develop your plan on who, when and where.

However, it is possible that spending time in the plan phase will not reveal the proper solution. At this point, a small pilot project might be necessary in an attempt to reveal the appropriate countermeasures.

Only then can you go to the “do” phase and implement the countermeasures. Be careful, as many managers think that this phase is the end of the issue, and once they push the button the system will go live and run forever. Keeping the process monitored is necessary. Continue coaching and supporting people to avoid slipping back.

You should also use metrics and post them in the workplace. This helps align people and processes to common targets. Use visual boards so employees can see those metrics in their workplace. Later, the progress should be updated and discussed regularly. Use colors for in-progress targets and for the achieved targets. The metrics give a starting

point to your workforce. What is our measurable target? Where are we? Where do we want to be?

In the “check” phase, remember that after implementing the solution, people will not always continue in the same way as you wished. They won't follow the standard all the time. Supporting people, continuously monitoring them, coaching them and developing them until the new way becomes a routine will move your organization closer to a perfect solution. You may not achieve this in the first PDCA cycle. So you have to repeat it and keep supporting people until the new standardized process becomes a routine.

The “act” phase is where the next cycle begins. Your next plan will be based on the feedback you received from the “check” stage. In this phase, you should figure out what did work, what didn't and standardize what worked.

Why develop people?

After the Toyota recall crisis several years ago, company President Akio Toyoda was quoted as saying that the corporation's rate of growth was higher than its rate of people development.

The key success of Toyota's continuous improvement process is the effort that managers and leaders put in people development through the PDCA cycle. It is a remarkable learning cycle. As you go through each PDCA, you will learn different and higher levels of skills. This should be done under the eye of the mentor. Practicing new behaviors will shift the employees out of their existing routine and, over time, influence people's thoughts and actions. In the long term, repeated new habits can lead to a culture of continuous improvement. People should follow plan-do-check-act so often that it becomes their natural way of thinking.

If a problem crops up that you thought had been solved, the proper question would be have you rotated the PDCA wheels enough times? PDCA needs to spin a lot before you reach your target, achieve a stable process and form new habits. ♦

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