

Lean Benchmarking of Operations and Culture by Scott Ellis Ed.D

Business leaders have many competing priorities, but making more money allows every other objective. By following the example of Toyota, one of the world's premier enterprises, many companies around the world have adopted the principles of *Lean*. Their goal is the production of goods and services without waste in terms of time, effort, material, and human resources. The ability to benchmark the Leanness of an organization has been greatly enhanced through use of the Rapid Plant Assessment, a tool developed by Gene Goodson at the University Of Michigan School Of Business. Mr. Goodson developed the tool out of frustration during his tenure running a tier one supplier to Toyota. He says that he and his team would tour Toyota plants and come away with *nuggets* of best practice while the execs that visited his plant left knowing a great deal about his operation. He correctly suspected that they even had an accurate assessment of his cost of sales. As a result he set out to construct a tool for disciplined observation by a team of visitors gathering data on 11 categories of Lean operation. The resulting RPA has been an invaluable tool for benchmarking and planning the Lean transformation of numerous and varied businesses.

The deployment of tools and principles of Lean have been written and taught widely with great success in improved production and cost reduction. Businesses that truly transform themselves to become Lean enterprises find that they must undergo a cultural transformation. Sounds painful, but it really means that they change the way they get things done. To accomplish this they focus on four key aspects of the business; market, Strategy, Structure, and Involvement. In dealing with the *market* they must learn to anticipate and adapt more quickly. Regarding *strategy* they must give every department and employee a direct link between daily duties and advancement of company goals. *Structure* most often needs development to remove wasteful steps and delays to everyday practices so that things are easier to do right. Finally, they must educate and encourage employees to work as teams and to act like owners to continually reward *involvement*.

It has been said about business that the hard stuff (machines, process improvement, and P&L numbers) is easy; but the soft stuff (anything having to do with people, their motivations and behavior) is hard. The soft stuff is much easier however if it is measured and prioritized in the same way as any other important business driver. To benchmark businesses effectiveness in the key areas of market, strategy, structure and involvement many have utilized a cultural survey that is highly correlated to profitability.

Businesses that follow the data to benchmark both operations and culture are able to move much more quickly and intentionally to become increasingly competitive and profitable. They also attract and keep the right people as they become the employer of choice in their markets.

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