



Case Study

How do lean leaders behave to create value?

▶ Global Agriscience Company

Summary

- **Challenge**
Create a cadre of leaders who have a dual focus on process and results.

- **Root Cause**
Task orientated leaders, results focus.

- **Output**
Increased value adding activities.
Switch to focus on process and results.

- **Results**
More efficient leadership behaviours
and an empowered workforce.



➤ Case Study

Lean six sigma



How do lean leaders behave to create value? How do Process Performers escalate value decisions?

Overview

In contrast to the finance driven, shareholder-first business model Lean fundamentally changes business thinking. Thus, creating a 'Lean Culture', involves much more than tactical improvements to business processes. The organisation needs to understand and accept the need for change, they must then have the capability to deliver change, coupled with leadership to enable change.

How would you recognise a lean company, how would it differ from any other organisation? What behaviours do lean leaders' exhibit and how do they create value? Leader Standard Work (LSW) is the 'Engine Room' of lean management, it provides a structure and routine that helps leaders shift from a focus on results to a dual focus on process and results. This case study shows how the leadership team from one organisation sought to critically review their activity to ensure they were always adding value.

Define

- Lean Leaders 'give intent', they do not give instructions.
- Establishing LSW is a six stage process.
- This case study focusses on the leadership team for a global agriscience company.

The lean leader 'gives intent', they do not 'give instructions', by doing so decision making is moved to where the information is, invariably this is where process performers operate. By telling process performers what to achieve, not necessarily how to achieve it, the lean manager moves from 'being in the business' to focusing 'on the business'. Establishing LSW is a six stage process that begins with a short training course and video. The video shows how a submarine commander, who was trained for submarine Type A subsequently received command of submarine Type B. After twelve months the submarine received a navel inspection, where they receive the highest grade ever seen. Applying these principals to a business context within a sales and operational leadership team for a global agriscience company is the focus of this case study.



Measure

- Document current activity to understand what you are currently doing.
- Take 360° reviews, what should you be doing?
- Determine 'value' and 'purpose' for the role you hold.

Following the training session the leadership team were asked to document their activity, for some it was simply a case of looking back over their schedules, others preferred to start a daily record. These leaders wanted to capture the adhoc corridor discussions they were involved with. A months' worth of data was sufficient for some leaders, more senior leaders were able to review twelve months of activity as budget and planning cycles fell into a regular, monthly, quarterly and yearly cadence.

At this stage the leadership team were also asked to document how their role added value, what did their peers and the business expect from the role. It was important to differentiate the individual from the role, expectations for the role were gathered and documented through 360° reviews.

Lets' look specifically at one of the leadership team, Claude, who was a Territory Supply Manager took counsel from twenty individuals across the business, he spoke with HR, Finance, various factory leads and customers. By consolidating their feedback Claude was able to concisely document the purpose of the role he held, there were five expectations;

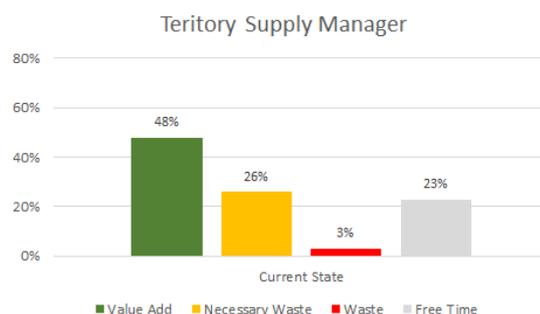
1. Ensure we have the capabilities, processes and resources to deliver the product to customers on time in full across the territory.
2. Act as a business partner - translate the requests from clients across the territory into the Planning and Supply engine room and to coordinate delivery.
3. Ensure the company complies with relevant legislation across the territory
4. Drive business performance improvement increasing efficiency
5. Lead the business as a member of the territory leadership team

Analyse

- Put it all together, how much value add is in your schedule?
- In this example, a territory supply manager was adding value 50% of his time.
- Activity might be 'value add', but is it value add for your role?

It was now possible to put these two pieces of data together, 'what am I doing', versus 'what is expected from the role I hold', by doing so each activity was categorized as value add, necessary waste and wasteful. Wasteful activity was not necessarily adding no value

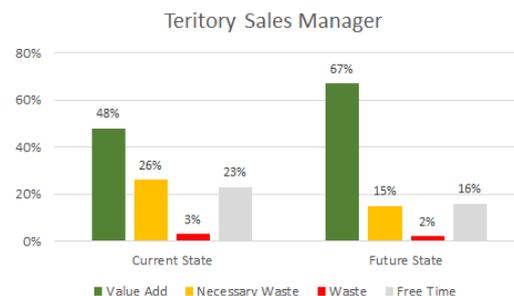
per se, it simply meant that the activity should not be completed by the individual in that role. Consider the role of a doctor, how does a doctor add value? Doctors add value by making a diagnosis and coming up with a treatment plan. Making a diagnosis requires various test results, blood tests for example. Taking bloods from a patients arm is a value adding task as the outcomes are needed, but it is not the best use of a doctors time to perform the process, it is a more effective use of time for a phlebotomist or nurse to take the bloods samples. The baseline analysis showed that Claude was adding value around 50% of his time, or 2½ days a week.



Improve

- Define the future, what will you do? What will you ditch? What will be delegated?
- Define the future against 5 value levers.
- In this example, a territory supply manager increased his value adding value by 20%, a day a week.

Waste analysis against role purpose alone is sufficient to recognise activity that can be stopped or delegated, looking forward and determining what activities any individual should be doing is further evaluated against five value levers of (1) business strategy, (2) go see, (3) mentoring, (4) business performance review, and (5) responding to issues. More senior leaders would expect have a less standard work pattern, there schedules would be determined by the business need and should involve more strategy work vs responding to operational issues. Conversely, operational leaders, i.e. team leaders or supervisors should be more involved with operational decisions vs strategy and business planning.



Claude wanted to know how his future might be different, what activities would he continue doing? What would he ditch? And, what could be delegated? Claude set about putting together his new working pattern, the first thing to go was travel to head office. Claude reasoned he could do this quarterly to coincide with other meetings, there was no need to make separate trips. In doing so necessary waste was reduced by 10 % and value adding time increased by 20% (equivalent to a day a week). As Claude's role was mid management, his free time decreased, making his working pattern more predictable;

Control

- Move from being in the business to focussing on the business.
- Process level leaders should have more structure to their work routine.
- Continue to maintain the standard, don't regress.

By reviewing activity against 'value creation' and five value levers business leaders can be more effective with their time, they can focus on ensuring there is a business and then developing and growing that business. In turn, this enables process performers to take control of their processes and to escalate value decisions. There are many examples of high performing workplaces where process performers respond positively to being empowered. Their mental state improves, they have more pride in their work, quality goes up and costs come down and quick decision making means cash flow is better.

Recognising a lean culture, therefore, is one where leaders are learners, leaders enable change and always strive to ensure their actions are value creating. There are two reasons LSW fades away; (a) people often regress to what they know and are comfortable doing, this might not be value creating for the role they hold and (b) good people will be put on by others, it is everyone's responsibility to say "no, that request is not the purpose of my role".

