

Wednesday's Words of Quality- Constancy of Purpose: Creating the Lean Enterprise (2017 February)

To all our Deming disciples of Pathology and Laboratory Medicine and interested leaders of HFHS,

I began writing Wednesday's Words of Quality early on in our Lean journey to share my own learnings as we began our Lean transformation. That archive of 2009-2015 WWQ can be found here:

<https://www.henryford.com/hcp/pathology/production-system/wednesdays-words>

In 5S-ing my office, I recently reacquainted myself with this email dated 2009 that was sent to me by James Womack. He is the MIT professor and author of the 1st book to introduce Toyota's Production System to the World in 1990- *The Machine that Changed the World. The Story of Lean Production.*

The reason I am sharing his insights below on ***constancy of purpose*** in creating a Lean enterprise or Lean business system, is that I, and likely you too, will have an ah-ha moment when you read this.

Back in 2009, I wasn't mature enough in my own journey to deeply appreciate the insights that Jim Womack was outlining in the path forward to a Lean Enterprise. Looking back, I get it now and I think you will too after 12 years of pushing our "Constancy of Purpose" to become a true continuous improvement culture. In the Pathology and Laboratory Medicine Product Line, we are now engaged and aligned from top to bottom and back up to the top of our laboratory enterprise in our continuous improvement behaviors. This is just how we solve problems together now.

Our unique journey progressed well beyond tools of improvement (although we rely on them and retrain for effective use every day) and melded Dr. Deming's management principles, the deeper level quality systems required under ISO 15189 and lately the Lean-inspired business approaches of Danaher. This translates to a living work culture that is consistently chasing our goal of zero defects or "relentlessly pursuing perfection." I think you will recognize the phases of our progress in Dr. Womack's email below. Let me know if you get that ah-ha moment too.

These were the goals I had for us 12 years ago and I repeated here from a note to myself that I found in my copy of Dr. Womack's book. In retrospect, we have done the following over the past 12 years and now have a stable system of continuous improvement.

-Deconstructed our previous work culture

-Implemented a blame-free environment that allows our people to uncover problems

-Educated our people to query problems in real-time, when and where the problem arises

-Empowered our people to resolve problems, propose and test countermeasures

-Authorized our people to redesign and standardize their own work

-Created management systems that enable us to "relentlessly pursue perfection" at all levels

That doesn't mean that we are perfect. But we can and do recognize imperfections and have the systems, structures, processes and training to correct non-conformances both proactively and as they arise.

Here is Dr. Womack in his own words from 2009. (the black highlights are mine)-

"The first of Dr. W. Edwards Deming's 14 Points is **"create constancy of purpose for continual improvement of products and service to society."** When I first read this many years ago it seemed so simple and obvious. How could anyone not have constancy of purpose?

Now that I'm older and wiser, or at least older, I have discovered that this simple attitude is often the missing element when managers set out to create a lean enterprise. Organizations start with the best intentions, launch a lean program, gain some initial results, lose their focus (perhaps as a result of an economic crisis?), and backslide to their original state of performance. They then set off again with the best intentions. . .

The power of constancy of purpose hit me with particular force recently when I visited a firm that started its lean journey fourteen years ago and has truly practiced Deming's first point. I found the story so compelling that I would like to share it.

It's about Bob and Ed although these are not their real names. (They have requested that I not identify them for fear of being overwhelmed with lean tourists.) In June of 1995 Bob approached me at a conference I had organized and announced emphatically that he was going to create a true lean enterprise. Because I had heard this statement of good intentions many times before and because Bob was only a plant manager in a large firm with many plants, I told him frankly that I doubted he would get anywhere. But I pointed out a few other people at the conference he might talk to if he needed specific advice on how to get going. And I never expected to hear from him again.

About two months later Bob called to announce that he and his controller Ed had gotten started in their plant and that they wished me to inspect what they were doing. Then they wanted me to give a pep talk at a company-wide operations event for all plant managers as their first step in spreading the word.

I went with some trepidation. There is nothing more awkward than visiting eager managers in the first flush of lean enlightenment who need to hear how little they have actually done and how far they need to go.

But at least I was not disappointed with the opportunities at hand. Their massive facility was organized in process villages for all fabrication activities. An inaccurate MRP scheduled all operations, there were turnbacks everywhere for rework (not planned by the MRP), there was no visible standard work, and there were large inventories between each processing and assembly step. The facility had approximately .5S (as opposed to 5S), the primary workforce was disengaged, and the management team below Bob and Ed was firefighting with no focus on the big issues. The predictable result was long lead times, poor on-time performance to customer schedules, costs much higher than necessary, and a company in financial distress. In sum, everything that could be wrong was wrong with the exception of a few model areas where Bob and Ed had tried their first experiments.

The one thing the plant did have going for it was Bob and Ed's constancy of purpose. As I walked through the operation, I quickly realized that I had been wrong at the conference. As I met the team they had formed, saw the boldness of their initial experiments, and felt their extraordinary intensity, focus, and tenacity on the gemba, I knew they would get somewhere and that it would be worth my while to observe. So I have been back four times over the years to check on their progress.

What did they do? Their first step over the first four years was to **identify the basic product-family value streams and to create flow by removing unnecessary** steps and lining up the remaining steps adjacent to each other in process sequence.

As they did this they soon learned that they needed to **create basic stability by making each step both capable** (in terms of good quality every time) **and available** (in the sense that every piece of technology was able to run when it needed to run **to support flow in the process**.) Achieving this by introducing **rigorous standard work, quality at the source**, and a plan for every machine was their second step, pursued as Bob and Ed were being promoted to Operations and Improvement leaders for all of the firm's facilities.

Four years into their transformation (which was already much longer than most lean journeys last), Bob and Ed were ready for a dramatic third step, which was to **introduce rigorous strategy deployment at every level of the company** and, as a fourth step, to **reorganize the entire \$1 billion business into a number of value-stream business units** with dedicated engineers, production teams, purchasing, etc.

(Today their strategy deployment process is the most rigorous and comprehensive I have seen. As I recently talked with those working on this year's strategy deployment in different streams, I realized again that if strategy deployment isn't driving you crazy, you aren't doing strategy deployment. This is because the whole idea is to flush out for resolution the contradictions and conflicts between value streams and functions that remain well hidden in most organizations.)

As the organization rolled out strategy deployment, the **focus on standard work was redoubled** and a **rapid problem resolution process** was instituted. (Together these steps, with slightly different names, constitute the three key lean management techniques we advocate at LEI:

Policy management cascading from the top to set direction and gain alignment.

A3 analysis to deploy policy initiatives from above, resolve problems, and evaluate proposals from below.

And standard work with standard management to sustain capability and availability.)

The two final steps in creating a lean enterprise were to transform the product and process development process to incorporate lean principles and to convert a very conventional purchasing organization into a lean supply management team. The last step is just being completed after a fourteen-year journey.

With the complete lean business system now in place, the current challenge facing the management team is to globalize operations and the supply stream. Their objective is to better support customers around the world without losing the hard won line-of-sight ability to deal with problems in real time.

A final challenge lies not far ahead – one few organizations have faced. How can Bob, now the President, and Ed, now the Vice President for Operations and Improvement, hand off the lean journey to the next generation of management as they approach retirement age?

Bob and Ed's journey is inspiring. Indeed, as I look at the last fourteen years, I ask what would have happened to the world economy if every plant manager and controller had had their constancy of purpose to completely transform an entire management and business system. What if by doing this every manager in every firm had increased labor productivity nearly six fold, cut the needed space per unit of output by 75%, achieved nearly perfect quality with 100% on-time delivery to customers, steadily improved margins, and rapidly grown sales? We would be living in a very different and much better world. So following their path must be the challenge for the rest of us.

As we set off, I need to emphasize one additional point, perhaps the most important. Bob and Ed started their journey in the trough of a major recession in their industry. As their firm struggled to fund development programs in 1997 it was acquired by a giant firm completely unaware of what they were doing and managed on different principles. Most managers would have been completely distracted – like most managers today at this traumatic point in history? They would have lost their concentration, just trying to get through the day under new ownership. But these managers had set a course and they sailed steadily ahead through some very rough seas. This is the real challenge for all of us now -- to seize the current crisis, set a steady course, and turn today's chaos to a useful end."

Best regards,

James P. Womack
Founder and Chairman
Lean Enterprise Institute

Henry Ford Production System LEAN for Leaders

Two-Day Training Program for Healthcare Leaders

LEAN Silver Certification

April 27-28, 2017

September 21-22, 2017

"It's the work, not the man that manages."

"The business of management is to manage. The thing to be managed is the work."

-Henry Ford

<http://hfhs.eventsair.com/CEPortal/hfhs/cme>