Lean Culture Transformation

ILE Team

March 2018

Three Levels of Organizational Culture

Artifacts & Behavior

Norms & Values

Underlying Assumptions
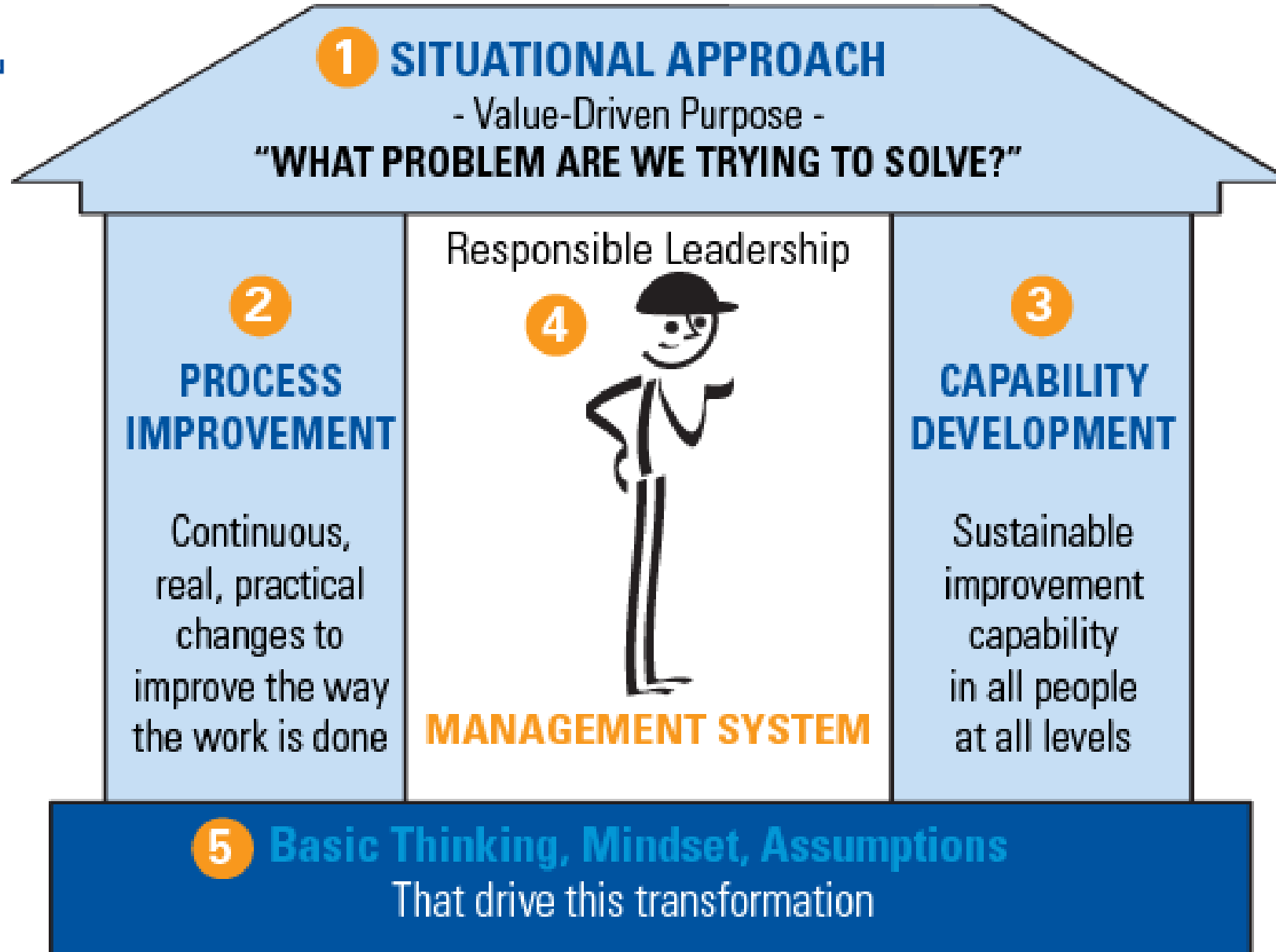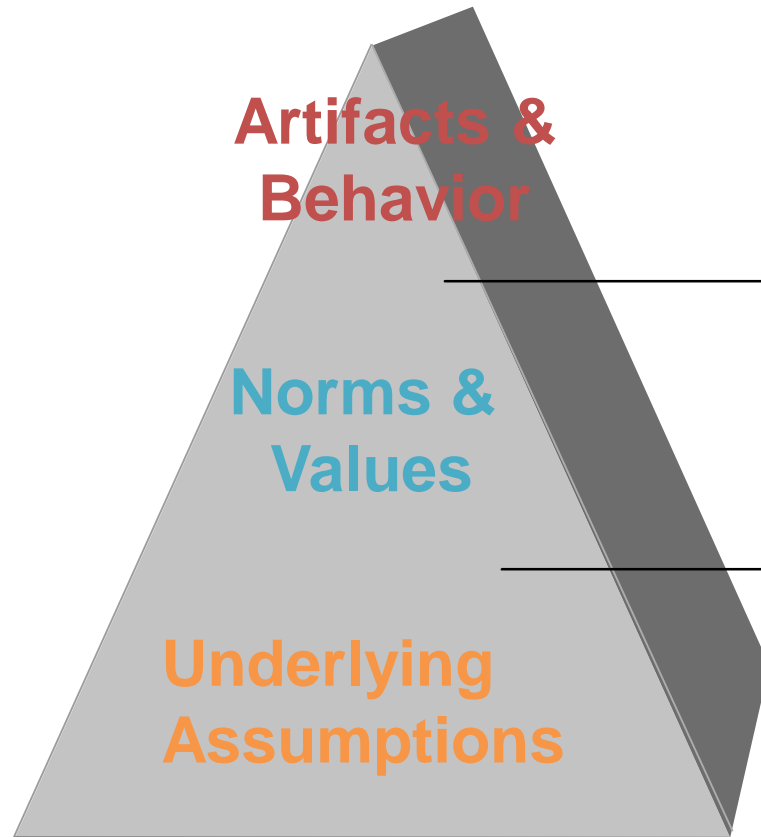
What is seen, what a newcomer, visitor or consultant would notice (e.g., dress, organization charts, physical layout, degree and formality, logos, and mission statement.

What we say, What is told as the reason things are the way they are and should be. Company philosophy, norms and justifications.

What we deeply believe in & act on Unconscious, taken for granted beliefs about the organization and its work/purpose, about people, rewards etc.

Based on Edgar Schein, "Coming to a new awareness of organizational culture," pp. 375-390 in J.B. Lau and A.B. Shani, *Behavior in Organizations*, Irwin, 1988

Levels of Organizational Culture – Lean vs. Traditional

Artifacts & Behavior

9	Reward champions	Reward teams
10	Hierarchical organization	Flat organization
11	Guard knowledge	Share knowledge
12	Managers are decision makers	Universal problem solving

Norms & Values

4	Efficiency	Effectiveness
5	Suppliers as enemy	Suppliers as ally
6	Benchmark	Seek perfection (Kaizen)
7	Blame others	Take Responsibility
8	Direct management	Servant management

Underlying Assumptions

1	Internal focus	Customer focus
2	Expert driven	Process driven
3	Respect for hierarchy	Respect for people

Based on Edgar Schein, "Coming to a new awareness of organizational culture," pp. 375-390 in J.B. Lau and A.B. Shani, *Behavior in Organizations*, Irwin, 1988

1. From **Internal** focus to **Customer** focus

What does it mean?
Focus on the needs and value for the customer, not on your products and services.
Move from individualism to relationship and partnership with the customer.
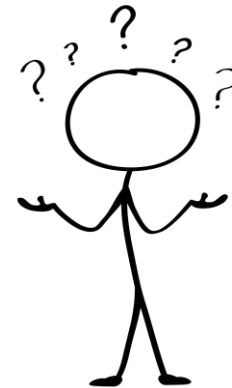
Why would we want to change?
- Value for the customer
- Don't develop things that the customer doesn't need (waste)
- Higher NPS

Traditional

Lean

Internal focus

1 → 5

Customer focus

- Develop new products based on company's technology
- "We'll find a way to make the customer buy it."
- Perform customer survey from time to time

- Develop new products tailored to customer needs
- Involve customers in development stages
- SAP (strategic account program)

2. From **Expert** driven to **Process** driven

What does it mean?
Communication and cooperation between the different departments (expertise) is critical.
Create a horizontal process, across functional silos.
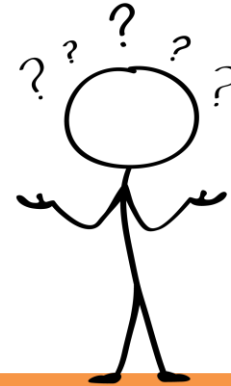
Why would we want to change?
- Ability to combine expertise with flexibility
- Quick response to changes (resource allocation)
- Higher quality products

Traditional | **Lean**

| Expert Driven | 1 → 5 | Process driven |

- Silos of professional organizations (R&D, operations, service, marketing, HR, etc.)
- Each organization does its part and moves the product to the following organization in the chain. Assumption – each organization will do its best, at its stage, and the final product will be optimal.
- "Scientists work alone."
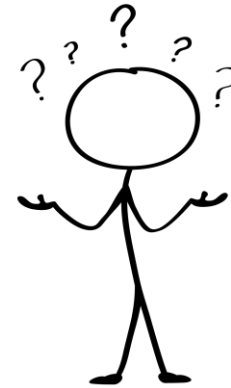- Experts and "stars" of each unit sets the tone

- Create a horizontal process, between different organizations
- Working teams of people from variety of organization, all are involved at all stages
- Collaboration and co-development of interfacing sub-systems
- Multi-skill cahoots / scrum team
- Development process as a value stream, not chain

3. From Respect for **hierarchy** to Respect for **people**

Why would we want to change?
- Higher engagement, harness people, empowerment
- People development

What does it mean?
Managers trust their team members to do their jobs well, support them and challenge them.

Traditional

Respect for **hierarchy**

1

5

Lean

Respect for **people**

- Employees are expected to meet the goals set by the manager and deliver
- Failure is considered a result of bad attitude or negligence
- Only managers are decision makers, you must 'take it to your manager'

- Managers give maximum support for each team member to be able to express his abilities and maximize them
- Mistakes understood as inevitable part of learning
- Each team member is a 'decision maker'
- Manages provide the conditions needed for workers to succeed as independent problem solvers

4. From **Efficiency** to **Effectiveness**

What does it mean?

Being effective is about doing the right things, while being efficient is about doing things right.

Invest (time & resources) only where it creates value for the customer.

Effectiveness includes efficiency.

Anything that doesn't create value is waste.

Why would we want to change?

- Less waste, higher value
- Better allocation of resources
- Understand purpose

Traditional

Lean

Efficiency

1 → 5

Effectiveness

- Continue a project that is no longer relevant, for future purposes, to avoid losing resources that were already allocated
- "I finished my test earlier then expected, I already have a machine allocated, so I'll use it to test a few more things."
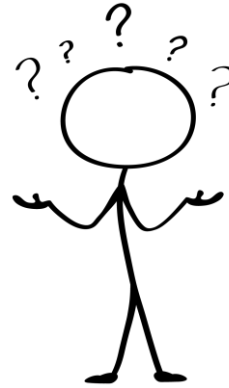
- One piece flow – no inventory, no bottle necks, produce only what is needed (for the customer)
- Digital printing (vs. traditional printing) – print as many (or as few) copies as you need, no need to print more to justify the cost
- Invest time in planning and alignment of all team members

5. From Suppliers as **enemy** to Suppliers as **ally**

Why would we want to change?
- Ability to combine flexibility and expertise
- Do not invest in developing expertise that already exist
- Assure high quality supplier

What does it mean?
Consider your suppliers as your partners, part of your network, work with them and support them.

Traditional

Lean

Suppliers as **enemy**

1 → 5

Suppliers as **ally**

- Choose a supplier only based on price, and go with the lowest offer
- "Supplier's interests are opposite to ours."
- Work with 2 suppliers in parallel to create competition and lower the risk

- Suppliers as partners
- Build your suppliers
- Do not build in-house abilities that your suppliers have.
- Win-win, "I want my supplier to be successful and earn well."
- Network organization – suppliers are part of the network

6. From **Benchmark** to Seek **perfection** (Kaizen)

Why would we want to change?
- Continuous improvement
- The "best" of my competitor is not necessarily my "best"

What does it mean?
There's always a higher target to aim to, don't use benchmark to justify not improving. "As good as" your competitor is not the right target, but continuous journey to perfection.

Traditional

Lean

Benchmark → 1 → 5 → Seek **Perfection** (Kaizen)

- We check our competitors to justify that we are 'good enough'
- "We lead the market, so we can rest."
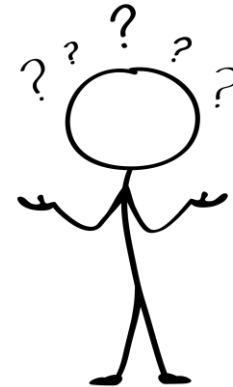- As a result, we limit our selves to the performance level of our competitors

- We compete with ourselves, never satisfied
- Created gap – "once I reached my goal, I set a higher target."
- We look outside to understand how we can improve
- Celebrate success, no euphoria

7. From **Blaming** others to **Taking responsibility**

Why would we want to change?
- People commitment and responsibility
- Base for continuous improvement

What does it mean?

Move from external to internal focus.
Don't waste time on blaming others & victimizing (external).
Take responsibility (internal), focus on Learning by Reflection,
Root cause analysis & Problem solving.

Traditional

Lean

Blaming others

1

5

Take **Responsibility**

- When something goes wrong, we tend to blame colleagues, managers / employees, 'the reality', luck, etc.
- Feeling like a victim of the circumstances, wasting time on blaming, accusing and passing responsibility to others
- "Success has many parents, but failure is an orphan."

- Look inside, what can **I / we** do in the given situation
- Take responsibility, internal focus
- Proactivity
- Open and willing to learn

8. From **Direct** management to **Servant** management

What does it mean?

Managers as builders / developers, not operators
Managers facilitate, pave the way, make the mechanism, by teaching and coaching.

Why would we want to change?

- Encourage people development, higher motivation and improved engagement
- Good problem solvers facing customers

Traditional

Lean

| Direct management | 1 | → | 5 | Servant management |

Direct management

- 'All knowing' managers, micro management
- Managers "operate" their employees
- When the manager is not there, there can't be any progress
- Managers set goals, people operate, managers feedback good or not
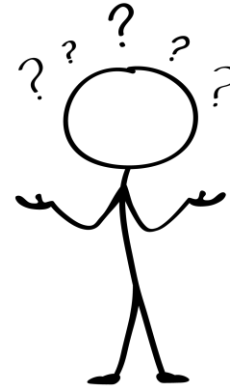- Asking for help is considered weakness

Servant management

- Manager as builder, coach, mentor, developing people
- Managers are curious, know how to ask the right questions and encourages learning
- Brain and mussels work together as a net
- Give your team members all the tools they need to solve problems
- Asking for help is considered strength

9. From Reward **champions** to Reward **teams**

Why would we want to change?

- Improve team work
- Improve team members engagement, higher motivation
- Acting fair

What does it mean?

All team members contribute to success, and all should be recognized and rewarded accordingly as a team.
Praise collaborative learning.

Traditional

Lean

Reward **individuals & champions**

1

5

Reward **teams**

- "What's the point of working so hard if only the project manager gets rewarded?"
- "No one even knows that I was involved in this successful project."
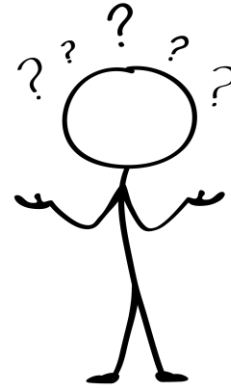- Competition between team members, leads to lower confidence level and less effective team work

- Recognition and reward for the team's success
- Equal bonus / pay rise for all the team members
- Team members work together for a common purpose, trust and support each other
- Higher confidence level leads to effective work
- Managers moderate competition; cooperation and team work is stronger

10. From **Hierarchical** org. to **Flat** organization

Why would we want to change?
- Alignment
- Flexibility & agility
- Focus on the process

What does it mean?
Network type organization; interdisciplinary teams instead of traditional functional units (silos).

Traditional

Lean

| Hierarchical organization | 1 | → | 5 | Flat organization |

- Clear boundaries between different units
- The structure defines the work
- "We do our part the best, the rest is not interesting, let them deal with it."
- Long cycles of decision making

- Teams are built and dismantled as needed
- Team work is build around the program / project and serves it
- Blurred boundaries between units
- Collaboration and communication between units is critical
- Knowledge diffusion between units
- Short cycle of decision making, closer to the customer

11. From **Guard** knowledge to **Share** knowledge

INTERNATIONAL LEAN ENTERPRISE

Why would we want to change?
- Avoid re-doing what was already done (waste)
- Higher quality research based on existing knowledge (baseline)
- Allows PDCA / continuous improvement
- Encourage learning

What does it mean?
User is the owner of the knowledge and information. Organizational knowledge is shared and used when needed (still some information can be classified).

Traditional   **Lean**

Guard information & knowledge   → 1 ————————— 5   **Share** information & knowledge

- High level of secrecy, classification
- Job security
- "Don't share this with anyone; you can't know what will leak to your competitors."
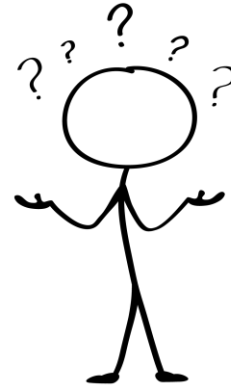- No one knows everything

- Knowledge management system is accessible, easy to use and open to everyone
- Knowledge it is translated into standard work, not kept in the creator's mind

12. From Managers are **decision makers** to Universal **problem solving**

What does it mean?
Managers challenge the teams with problems, and get back solutions, not the other way around.

Why would we want to change?
- Engagement and empowerment
- Improved value and less waste

Traditional

Lean

Managers are **decision makers**

1

5

Universal **problem solving**

- Employees go to their managers to solve problems
- Good engineer is promoted to be manager
- The employee is an assistant for the manager, 'his right hand', follow instructions
- "A good manger should have the answers."
- "If you want him to do his job let your manager talk to his manager."

- Everyone has problem solving capabilities, based on common methodology and standards
- All employees are decision makers
- Managers are expected to challenge team members and guide / coach them in solving problems
- We'll learn the problem together and find out the solution
- Asking questions