

USING COMMUNICATION TRANSFORMATIONS STIC



Jim Shaffer is one of the world's leading thought leaders, consultants and authors in helping businesses engage their people in achieving ultra-high levels of organizational performance. His book, *The Leadership Solution* (McGraw-Hill), has been hailed by leading CEOs as "invaluable for someone wanting to lead an organization into the future," and a "practical common sense look at how leaders use communication to solve business problems."

www.jimshaffergroup.com

Heather Sandoe is sitting in a large conference room explaining to 15 employees what "scrap" and "rework" are and how both affect operating income. Sandoe is the communication manager at ITT Corporation's Lancaster, Pennsylvania operation and she's building a learning process that will eventually enable the site's 200-plus employees to make more informed decisions that in turn will improve the engineering company's operating and financial performance. She's just one of the increasing number of communication practitioners who are playing lead roles in implementing Lean Six Sigma.

"At first I wondered what communication could bring to the Lean Six Sigma table," Sandoe tells me. "But the more I got into it, the more I realized that it's all about communication. And the make-it or break-it aspects of Lean are in the areas of culture, communication, reward, recognition and learning and development."

Dave Jackson, now manager of research and development communication at medical products manufacturer Alcon, echoes this. Prior to his current role, he worked to implement Lean practices at packaged foods company ConAgra Foods. "I've always known that communication was a lever to drive the business strategy," Jackson says. "But helping an organization shift to Lean validates that belief. I can go to leaders and say, 'here's the root cause of a business problem.' But more importantly I can say 'here's where the root cause is within the process and I can eliminate it.'"

What is Lean? What roles are communication people playing as organizations manage or shift to Lean? How do those roles differ from the more traditional news and distribution role? What's to be gained by participating in a Lean transformation? We'll look at each.

What is Lean?

In its simplest form, Lean is a cultural mindset and bundle of tools that focuses relentlessly on improving customer value with the fewest resources. To achieve this, Lean works to improve value streams – the flow of materials and information required to bring a product or service to a consumer. Eliminating waste across value streams enables the organization to create processes that need less human effort, space, capital and time to make products and services than traditional businesses. Because Lean can create huge opportunities for competitive advantage, many organizations have adopted the principles and methods of operation.

Eliminating waste means disposing of any activity or process that the customer isn't willing to

Successful Lean transformations are characterized by the performance improvements they create and their staying power. Key to that is an integrated cultural-technical approach, of which communication plays a critical role. In an exclusive article for *SCM*, **JIM SHAFFER** explores the topic further.



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pay for. For instance, scrap and rework are forms of waste.

“We drew on everyday things that people could relate to when we explained Lean concepts and the forms of waste,” Sandoe explains. “For instance we explained scrap as: ‘You bought more food at the grocery store than you can consume in a given period of time. Some goes bad and you have to throw it out. Scrap is waste. No business wants to throw out products because they’re poorly made the first time. It’s expensive and hurts profits and our ability to compete.’”

“You burn dinner and have to start over again,” Sandoe continues. “You’ve created scrap (burned food) and rework (you have to start over again). Any product or service that isn’t made or delivered right the first time is rework. There’s a cost associated with having to rework anything,” Sandoe explains to employees in the room.

The importance of culture

As with all management initiatives that have been implemented over the years, Lean has had its share of spectacular successes and miserable flops. Failures have occurred most often because organizational leaders lack a strategic understanding of Lean and don’t appreciate its cultural implications. They implement Lean as a program with a beginning, middle and end, not realizing that it must become a way of life with a very different mindset than what they’ve experienced in the past.

“When Lean initiatives focus on just the mechanics and techniques, the improvement is more about

calculations and formulas than it is about improving workforce capability,” Bill Feld, author

of *Lean Manufacturing* wrote. “True competitive advantage comes from instilling capability within the workforce and this can only be achieved through:

- achieving demonstrated knowledge transfer by building an empowered workforce;
- engaging all employees within the business by steering their collective energies in the same direction; and
- empowering the workforce with clarified expectations, common purpose and accountability to get the job done.

“An organization with this capability can neither be copied nor bought by the competition; it must be designed, developed, directed and supported.”

In my years of experience working with lean organizations – initially with Toyota in Georgetown, Kentucky – it’s this integrated cultural-technical approach that helps make a Lean transformation sustainable. And the backbone of the cultural aspect of Lean is communication.

The first task in any effort to introduce Lean is to clearly and simply explain it to the people who will implement it, then involve them in designing and implementing the process. If you implement Lean using a top down management style you might as well kiss it goodbye because you’ve just violated one of the first principles of Lean: a respect for people. It’s only a matter of time before your efforts hit a wall.

The Lean “story” that should be communicated to your people should include:

- The business case for moving to Lean, including competitive threats and customer requirements.
- The Lean strategy, terminology and processes.
- The roles that employees will play in moving from a traditional operation to one that embraces Lean.
- Resources, including skills, knowledge, processes and support that employees will have at their disposal in order to implement Lean successfully.
- The value Lean brings to the organization and its individual members – the “what’s in it for me” aspect of any change effort.

“It’s really the business case for change,” says Jackson, who has helped manage various aspects of Lean transformations. “It grounds everyone in the

Read this and learn

- How the Lean model can create competitive advantages for organizations and what the concept means for the internal communication function.
- How two organizations approached a Lean transformation and the role played by communication practitioners.
- Which processes and systems need to be set up to facilitate the transformation.

“An integrated cultural-technical approach helps make a Lean transformation sustainable; the backbone of the cultural aspect of Lean is communication

◀ ‘what’ and ‘why’ of the overall effort. Then we can build that story into everything we say and do – all the ways we communicate inside the organization.”

Managing communication

Both Jackson and Sandoe have helped build strategies that look more like operational, rather than traditional communication, strategies. “When you’re managing communication that creates the change, it’s going to draw on all the systems that communicate, not just the formal channels,” Jackson explains.

This is a principal difference in managing communication during a Lean transformation and managing communication in a more traditional way. Traditional communication management focuses on reporting information to people – a reactive approach. However, in addition to this, a Lean transformation requires managing communication to create change – a proactive

approach. It needs to create perceptions about what’s important so people can make informed decisions that lead to the actions that create the right results.

Communication management during a Lean implementation is different in two other ways. First, because communication is a primary thread that runs through the concept of Lean, practitioners need to adopt strong partner roles with line operations.

“The role becomes much more of an equal partnership,” Jackson says. “The communication process is in many ways driving the change effort. So it definitely takes you out of any kind of order-taking role. Instead you become a full partner working within a team of partners. That also means you have to have your business hat on all of the time. I’m thinking and working first as someone who’s trying to help improve quality or safety or process time. My communication role almost becomes secondary.”

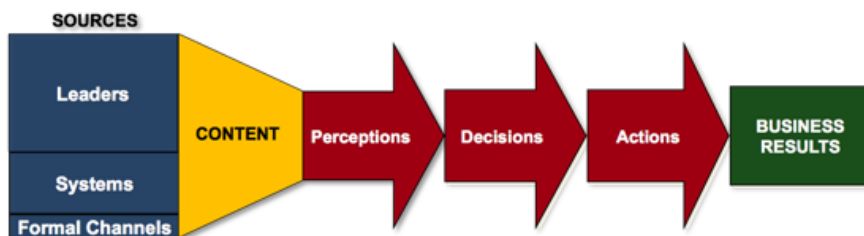
Second, because Lean is about creating value through waste elimination, communication management needs to add maximum value as well. That means communication professionals, along with every other discipline, need to be conscious of the impact they’re having on creating value. “You can’t expect everyone else to eliminate non-value-adding work and not do it yourself,” Jackson says. “That sometimes means making tough choices about some sacred cows.”

Working with leaders

Once the story or business case for change is built, it needs to be incorporated into every aspect of the business. It starts with leadership. Because what leaders say and do drives the largest part of the communication system of any organization, one of the first steps in a Lean transformation is to make sure leaders have a clear understanding of what their roles need to be in the “new” organization.

“We worked with the leaders to create a very specific set of

How a communication system works



When the three communication sources drive the right content, people will create the right results. Communication breakdowns waste effort and cause poor business results. Breakdowns include missing, slow moving or inaccurate information and mixed messages.

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leadership roles going forward,” Jackson says. “That was the easier part. Then we had to connect those roles to an assessment process to help them identify where they were strong and where they needed to improve in the way they performed those roles.

“The more sensitive and complex part of this is getting the leaders to agree on how their incentive compensation should be weighted. That’s a very personal issue for them, but if you don’t connect what they need to accomplish with how they need to accomplish it, there aren’t any teeth in the process.”

Setting up systems

Specific work plans need to be set up for other critical systems:

Measurement

“You need to make sure that the measures are the right ones because if you’re really good at communicating the targets, you’re going to hit them. You’d better be hitting the ones that make the most impact,” Sandoe says.

Reward and recognition

“We struggled with an incentive plan for hourly people in one of our projects,” Jackson explains. “The incentive needed to be large enough to get peoples’ attention, yet funded by the improvements they made. We worked closely with HR to find the right balance. They were a great help and I’d hope they’d say we were of help to them as well. It really has to be a partnership.”

Communication and involvement

“We created a cycle of huddles that was designed to connect everyone in the operation with operating income, our main financial goal,” Sandoe says. “That huddle cycle needed to integrate with other Lean communication processes that were part of a visual daily management system.” Sandoe worked with each team on the manufacturing floor and each department in the office to create scoreboards that were used in the huddle process. Each scoreboard reflects performance targets that the teams can influence and drive the site’s success. “We went through a lot of iterations to get this right. I’m not sure you ever get it really, really right. But we’re close.”

Skills and knowledge

People need the right competencies to work in a very different environment. Because it puts power at the frontline of the organization, everyone

needs to be able to use facts and data to improve work processes, conduct root cause analysis and read flow charts and run charts. They also need to understand how the business runs and how people can influence the financials.

Sandoe worked with the finance department to create a document that broke down operating income in a way that showed how every department and role could affect it. She then used town hall meetings and huddles to present scenarios that required decision trade-offs. For instance, a sales person needs to understand how a trip to India to visit a prospect can positively and negatively affect operating income.

Enjoying the value

So what do communication practitioners think about this new role? “I’ve had a hand in improving operating income,” Sandoe says. “That’s a good thing. One of our goals was to help employees understand how they could make a difference in their work. There’s been a general shift in many people I talk to; they now get involved and present ideas for improvement instead of waiting for management to do something about a problem. Managers come to me more often now and ask me to be involved in projects outside of my traditional role, and I have partnered a lot more with HR than I ever did in the past.”

The most exciting benefit is building a better understanding of the business so you can help translate that to employees and dissect the true root cause of problems that are inhibiting performance and employee effectiveness.

“What’s most uncomfortable is that this work is unlike anything we’ve done in our careers,” Jackson says. “At times I ask myself, ‘shouldn’t I be updating the website right now?’ The answer of course is ‘no.’ I’m doing something that brings a greater return to the business and involving many other people in the process of creating that return.

He ends with a warning, however: “The work is going to look and feel different than anything you’ve done before; but you will enjoy the value you bring and won’t be able to return to a ‘traditional’ communication role.”

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SIX SIGMA

Lean is often associated with Six Sigma; a measure to define improvement goals and how well processes are working. It’s also a management system to achieve superior performance for customers. So, while Lean improves value by eliminating waste, Six Sigma improves quality by eliminating variation. When the two are bundled together, as they often are, it’s referred to as either Lean Six Sigma, Lean Sigma or increasingly just Lean.

Lean applies to any business in any industry; most recently, it’s been adopted by hospitals to improve patient safety and to eliminate waste from cumbersome processes.