Lean Thinking and Practice – part 2

# Lean Mindset, Practices and Tools

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# Denise Bennett: Lean Enterprise Australia

Hi, my name is Denise Bennett and I am part of Lean Enterprise Australia in the Lean Global Network. Welcome to this short video about Lean thinking and practice. In a previous video we introduced the approach as a system for managing and improving organisations. Some people think about Lean as a set of tools. While I agree that there are some really useful tools, I have learned over the years that it is a more complete system than just a toolbox. It requires a certain mindset, a way of thinking, and also requires us to do certain things or practices in our work, so this management and improvement system is a combination of mindset, practices and tools. That is why the name Lean Thinking and Practice is so appropriate.

Today I will be joined by some of my colleagues to share their examples of Lean thinking mindset, practices and tools. This will include Alister, my colleague from Lean Enterprise Australia, Jonaelle Lucas, a Lean coach from a health service, Nigel Dalton from a technology company, and Brad Byrnes, who is the COO at the City of Parkes.

I will share my thoughts first. One of the Lean mindsets that I find really important is the idea that the most important role of the leader is to develop people, and we do this through coaching. It is not our role as leaders to solve problems for our team members, but to help them to develop and solve their own problems over time through coaching. The Lean practice that goes with this is asking questions. The best type of questions we can use are open-ended questions, ones that we don't know the answer to, ones that will help our staff think things through for themselves. An example of an open-ended question might be, "What problem are you trying to solve?" or "What do you think the impact of implementing that improvement will be?"

An associated Lean tool is an A3. This is six to seven boxes of information on a page which help us solve problems and ask questions in a structured way. As a tool it provides the guidance we might need to stick to this recipe, especially in the early days when we are still learning the technique. The left-hand side helps us understand the problem more deeply, and the right hand side helps us think logically about the improvements we want to make to achieve our target state.

Now I am going to hand over to my colleagues to teach us more about the mindset, practices and tools of Lean thinking.

# Alister Lee: Lean Enterprise Australia

One of the ideas we found very useful in Lean thinking was this idea of taking lots of small-step improvements. Previously we had done a lot of top-down change, changes in IT systems, changes in equipment, but when we really started examining our own work and engaging a wide range of people in looking at their own work, there was lots of small-step improvements and we underestimated the value of all of these small-step improvements and how much of a change that could make over time, and also how engaging everyone who did the work in lots of small-step improvements really did change our mindset and our practices over time.

# Nigel Dalton: REA Group

Hi, my name is Nigel Dalton. I am the Chief Inventor at the REA Group here in Melbourne, Australia. REA Group is famous for being an Agile company. We were early adopters of that way of building software, and the truth is over the last seven years I have wished I had something better. Maybe I wished I had a magic wand, but I don't, and what we have come to develop is an understanding of the way that a Lean operating system works, and we value the productivity that comes from that and the constant improvement. So I want to talk today about three elements of our main way of working: our mindset, our practices and our tools.

I want to talk about mindset first. Now the key part of that mindset is giving our people a sense of challenge at what they do. Toyota valued that, and we have come to value that in terms of getting the most out of people and them feeling like they're having a meaningful contribution and productive in their work, that sense of challenge. Why are we here? What is our purpose? That is really fundamental for us.

We also have a very experimental mindset. We describe this building as one giant science lab. Everything is being tested and improved upon and we learn from that. And the fact is after 24 years in business all the simple problems have been solved, so we are left trying to solve complex problems. They generally involve having a hypothesis, testing it and seeing how it works for customers.

Now we have learned that management is a really key aspect. Management is not highly regarded as a skill in Australia, to be honest. People are a little cynical about management. What I am talking about is all of the aspects, from strategy to creating a sense of purpose to organisational structure, budgeting. All those kind of things are really vital skills. That was part of the Lean canon and was never part of the Agile way of thinking, so we are super happy to have that in our world.

A mindset of being continuously improving, you are never done, is really vital. Quite hard to explain to people. They just want to get it done, have their transformation over with. We are kind of beyond that now. We are pretty used to it being a continuous improvement world, and it all starts with the customer. Now in our case we have a complexity. We have a distribution channel customer and we have millions of consumers on our sites. We managed to reconcile those two, but every single idea that we have, every hypothesis is looking to fill a need the customer has.

There is a number of Lean practices that we have adopted at the REA Group that are really quite vital to us. Number one is visualisation, so if you come into our workplace you will see boards like the one behind me almost everywhere. Visualisation keeps everyone on the same page and gives us an opportunity to measure the flow of work and value to our customers. Those metrics here are really important and measurement is really key. They tend to be related to customer satisfaction, consumer satisfaction, employee engagement. We know those three things drive profitability, and so we talk about those all the time. We don't talk about share price and things you might imagine we do very much at all.

Our teams are multidisciplinary and they're co-located, so I sometimes use the word factory to describe those teams. They are squads of people, they are developers, product design, sales people, finance, legal, HR embedded within the groups. That multidisciplinary practice comes from the world of Lean, and getting the right people in the right place for rapid decision-making is important. We practice the Genba a lot, which is actually going to the place of our customers and discovering their problems in person. We don't tend to sit back and hypothesise what we should make for them. And at the end of the day it all comes down to this: are we going to measure how we are going, and that makes people feel very vulnerable as people because you have a hypothesis, you are not a hundred percent sure, but it sure does benefit customers in the end.

I want to talk about tools for a moment, not simple measuring tools like this but some of the more sophisticated tools. We work in a world where not all the people work together in our place, so we have visually displayed work as you see behind you, but we also use toolkits like Trello to enable us to follow work as a team remotely. Having a daily conversation about our work is a Lean mindset and a Lean practice that takes the risk out of what we are doing, so sometimes we have to share that across different geographies and that is how we do it, with this little device here that might be on a mobile phone, might be on a laptop.

One of the things that has transformed the way we work is value stream mapping, and of all of the things we have done I think our skill at tracking how value moves across from our own selves to our customers, real estate agents, to consumers and understanding where all the waste is in that value stream, that is a foundation for us building a bigger and better business every day and being relevant and resilient for the future.

# Jonaelle Lucas: Mater Health Services

Hi, I am Jonaelle Lucas and I am the Director of Quality by Design at Mater Health Services in South Brisbane. I have been working with Lean for about 10 years now in healthcare, and for me the most important or the most valuable mindset is that about people. It is about the respect for people, which is that foundational piece way back from Toyota production system. It is imperative to, if we want the people who do the work to improve the work, is to value their contribution, so having them involved in all improvement pieces is important. And if we were really honest, I think those initiatives that have never worked or have struggled to work are those pieces that have been created around the boardroom table or a senior executive level where we actually haven't asked for the contribution of those staff. Involving the frontline staff gives you the opportunity to really see what's happening, and it means that those people who often have the best ideas get to bring them to the table.

As far as the practices in Lean, I think the practice of big picture mapping is probably the most important, or the one I value the most. Again it brings that people component into it. It is about getting people in a room to talk about the processes within which they work. I guess it is not as good as going out to go see, but it gets people in a room where there is that social exercise where they get to talk about how they do things and have those "aha" moments where they realise that things are done so differently, and they are sometimes the reason why they are. It is about identifying those broken processes in that big picture mapping, because as we know a broken process will beat a good person every time.

And finally the Five Whys tool is the one that I like the most. I think it is kind of fun as well as challenging, it gets a bit annoying, but I know as I am doing it the further down toward the root cause we get the more excited I get, and I literally sit on the edge of my seat as I get sometimes a bit overzealous about asking those Five Whys. And again, the "aha" moment when you are challenging with those questions the people who again do the work at that front line. So I think between the mindset and the practice and tool the underlying, or the foundational piece for me is the people, and I think those three things really bring the people together.

# Brad Byrnes: Parkes Shire Council

G'day, I am Brad Byrnes, Chief Operating Officer here at Parkes Shire Council in Central West New South Wales. We have been on a Lean-based organisational transformation for the past five years. I have been asked to talk about the mindset or thinking that we like to use here at Parkes Shire in our Lean journey.

Delivering value to customer is one that I would suggest is the most important. If you are not solving a problem through the Lean process that delivers value to customers, why are you solving the problem? There is no good being the fastest, cheapest, easiest way of doing things if it doesn't deliver value. At Parkes Shire we have an organisational mission, which is to deliver value and progress to the community that we serve. That is achieved ostensibly by increasing productivity, working best practice in safety and being one hundred percent responsive to our community.

The second element of Lean we find very valuable here at Parkes is A3 thinking. I myself always try and jump to the solution, but the A3 thinking discipline ensures we get to the root cause of the problem, which in itself is efficient and effective because you're not wasting time on treating something that really isn't the root cause of the issue. It also enables coaching in the organisation where our leaders can help our staff work through difficult problems or simple problems in a uniform and thinking way. The scientific method of the PDCA which is used in the process always ensures that small incremental steps are followed so we don't get too far down the road before we realise what may be having the best effect on the problem.

At Parkes Shire we have an induction which we call Lean Basics and our staff are all introduced to the A3 model of thinking. We then take it a step further with our Lean Learner program and Lean Practitioner, so managers and staff can get that high-level understanding and use of the A3 thinking process.

Lastly I would like to talk about tools. The main tool we like using is visual management. When we say we like using it, it is the most effective and has made the most dramatic effect in change to our culture. If your measures are up and visible to everyone and you have established goals and standards, you can always have a meaningful conversation about performance. Visual management has almost single-handedly transformed this organisation from a business-as-usual organisation to an organisation that is trying to be a performance-based organisation.

Visual management is an enabler of conversations, but not conversations about football tipping and all those good things that people like to talk about in the workplace. It is about the work and the problems. Make your problems visible and you can have meaningful discussions with those encountering the problems, and as leaders we can help them solve them by coaching them. Visual boards enable that process to happen very regularly. It has been well embraced by all our staff from those in operational areas to our senior staff executive having metric boards that flow up and down the organisation for communication. This is the most effective management tool I have seen in organisational contexts for a long time.

Thanks very much. Those are the three elements that I think helped us here at Parkes. We hope you get some use out of those insights in your continuous improvement journey and it is an enjoyable ride on the way.

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