CONTINUOUS IMPROVEMENT

DEVELOPMENT

GUIDE

DEVELOPING KILLER BUSINESS
SYSTEMS THAT DRIVE IMPROVEMENT
Dear Continuous Improvement Voyagers,

Thank you for choosing us to assist you on your Continuous Improvement journey. We recognize how important this decision is. The guide you select can make all the difference in your success, and we are honored that you have chosen us to help you.

Before you dive into this guide, we want you to keep in mind that every journey is different. The needs of companies vary for a variety of reasons. Industries have specific requirements. Whether you are a service company or a manufacturer similarly defines where your effort should be focused. The composition of your team also plays a role.

We encourage you be flexible in how you apply this material. While it is presented in a step-by-step fashion, you should pick the training that fills in your gaps, but make sure to stay focused on the principles.

Finally, we encourage you to seek help early and often. This can come from professionals, or it can come from the wealth of social media connections, websites, video sites and other online sources. The bottom line is to make sure to leverage those that have come before you and learn from them.

Finally, good luck and best wishes on your Continuous Improvement journey.

Jeff Hajek
Owner and Founder of Velaction Continuous Improvement
DISCLAIMER

The purpose of this tutorial is to provide information on continuous improvement. The information is not intended to provide advice about any legal, financial, accounting, engineering, tax, psychological, or other professional services. If legal or other expert assistance is necessary, the services of a competent professional should be sought.

This tutorial is designed to educate and entertain. It includes information gathered from multiple sources, including many personal experiences. The reader should use this document as a general guide and not as the ultimate source of information. It is not the purpose of this document to include every possible bit of information regarding this subject, but rather to complement and supplement other resources available to the reader. You are urged to read as much available material as you can find and to learn as much as possible about continuous improvement; you are then encouraged to tailor the information to your individual needs. The suggestions offered may not be suitable for every situation. Likewise, the examples provided within are not meant to imply that the reader will achieve the exact, same results. Each instance will vary.

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Purpose

This guide is intended to provide you with a roadmap to developing your continuous improvement business system, as well as the culture to support it. The lessons also aid in individual development. It is not a stand-alone document. In addition to providing the roadmap, it will also offer links to get what you need to support you on your journey. These links include a wealth of free materials, as well as recommendations about products we offer for sale. While we certainly hope you choose to purchase materials from us, and we do use this guide to support our business, we designed it to be helpful even if you purchase nothing from us.

Vision

Our vision is to create a comprehensive, world-class guide to becoming a continuous improvement focused organization. To that end, we have four main goals.

1. **We want to support you creating a business management system.** Companies need a method to their madness in order to thrive. A business system standardizes routine decisions and processes and lets your team focus on problem solving and capitalizing on opportunities.

2. **We want to help you create a continuous improvement culture.** Without the right people on your team, you will struggle to become a great company. A culture of improvement brings out the best in people, and lets them bring out the best in the company.

3. **We want you to be self-sufficient.** Our system is designed to help you help yourself. Bringing in outside help can be expensive and can be risky. We want to create tools that let you combine our expertise with your deep knowledge of your company to get great, lasting results.

4. **We want you to improve.** Our system is intended to help you develop throughout your career. We want you to be outstanding problem solvers and leaders and be fulfilled with your work.
# Table of Contents

Building a Business System........................................... 9  
About This Guide ......................................................... 17  
Continuous Improvement Transformation Model... 21  
  Phases of Transformation........................................... 22  
  Transformation Model Summary Tables .................... 25  
  OVERVIEW....................................................................... 27  
  CORE TEAM ..................................................................... 28  
  INFRASTRUCTURE .......................................................... 30  
  MENTORSHIP ................................................................ 31  
  SUPPORT TEAM .............................................................. 32  
  TRAINING & SUPPORT MATERIALS .......................... 33  
Training Modules............................................................. 35  
  Component Directory .................................................. 36  
  Lean 101 Module Group ................................................ 41  
  Standard Lean Tools Module Group .......................... 41  
  Lean Leadership Module Group ................................. 41  
  Problem Solving Module Group ................................. 42  
  *Kaizen* Process Module Group .................................. 42  
  Lean Office Module Group ........................................... 42  
  General Continuous Improvement Module Group .......... 43  
Practical Lessons on Continuous Improvement ...... 45  
  Phase 1: Introduction and Exploration ...................... 49  
  Phase 2: Committing .................................................... 61  
  Phase 3: Starting the journey ..................................... 69  
  Phase 4: Building the Foundation ................................ 76  
  Phase 5: Ramping Up .................................................... 82
Phase 6: Keeping Momentum ................................. 88
Phase 7: World-Class Performance .......................... 94
The Continuous Improvement Companion ............... 99
Continuous Improvement Terms Directory .............. 101
Continuous Improvement Forms & Tools Directory .... 227
Continuous Improvement Articles Directory ............. 235
Continuous Improvement Strategies Directory .......... 241
Continuous Improvement FAQs ............................. 251
It is relatively easy to learn a variety of continuous improvement tools and start putting them to use.

What is much harder to do, is to make those tools become an integral part of the way the company does business. In most cases, the tools are used sporadically. They are applied as an afterthought. And to make matters more difficult, many of the tools are only known by a handful of individuals.

It is extremely hard to create a culture of continuous improvement under those conditions.

Those companies that truly understand Lean, though, work to develop a business system. What do we mean by "system"? In a nutshell, it is simply a collection of processes for managing and operating the company.

About "Lean". While purists will tell you that "Lean" is just one philosophy of continuous improvement, unless specifically stated otherwise, we tend to use the two terms ("Lean" and "Continuous Improvement") synonymously. Don't let the nomenclature dissuade you from using our materials. Most of what we teach is independent of the various improvement disciplines.

Nearly everything that a business does has a process (or processes) associated with it. The more structured those processes are, the more an organization's energy can be conserved to apply towards problems and opportunities.
Now, a business system does not mean that you turn the organization into non–thinking robots. It means that you take the repetitive activities and decision-making out of their hands so you can unleash their creativity on more important things.

Later in this guide, you'll see our continuous improvement transformation model. This model breaks down the transformation from where typical company starts to a situation where they have a robust business management system in place.

Creating a business management system is not an overnight endeavor. It will take a shift in the way people think about their work. It will require building a culture of continuous improvement. It will require managers to shift from gut feel leadership to a combination of instinct backed by facts and data.

When creating a system, most people focus on tools. Instead, I would like you to work on integrating a set of principles into your corporate culture.

Our transformation model contains a progressive set of these principles. Note that Phase 1 is the exploration phase, and has no specific principles associated with it.

**CI Philosophies**

"Continuous Improvement" is a generic term that simply means exactly what it sounds like. An organization or individual focuses on repeatedly and relentlessly trying to get better. They do not do one-off improvements, and they are not satisfied with the status quo.

There are a variety of continuous improvement philosophies you will come across as you study up on the topic. Most of these philosophies share an immense amount of common material. The main differences lie in the unique ways the content is packaged, or in where the focus lies. There is an ebb and flow of popularity and a constant churn in what is in vogue at any given time.

At Velaction, we tend to use the term "Lean" interchangeably with continuous improvement. This is primarily because Lean is the most focused on the frontline and the most conducive to integrating other philosophies. While this nomenclature usage can be offensive to purists, we don't get too worried about semantics. Our goal is to assist the most people possible, so using the terms synonymously helps those focused specifically on Lean integrate our materials into their efforts without alienating those that don't want to pigeonhole their CI philosophy.

So which philosophy do we use? Our system is most similar to the Toyota Production System in that we want you to tailor the system to work for your specific needs. As for the content, we integrate whatever seems to work. You'll find pieces from most of the following philosophies in our approach.
**Lean**

Lean is one of the most popular forms of continuous improvement. While in truth it focuses on providing value in a streamlined manner throughout the company, it has a reputation for being a shop-floor oriented philosophy that is focused on reducing materials.

**Toyota Production System**

The Toyota Production System, or TPS, is Toyota's version of Lean. It is an overarching business system that guides how the business operates. It is principle based, so it doesn’t have the limitations that tool-based approaches do.

**Six Sigma ®**

This is a highly quantitative improvement philosophy that attempts to remove variation from processes. While it can be extremely effective, some of the math is rather sophisticated. It can be daunting to use for people at the front line of organizations, so is limited in its use as a business system. It does, however, provide many tools that can be added to the system you create.

**Lean Six Sigma**

Lean Six Sigma is a hybrid that is more a product of marketing than being an actual new product. Those using Lean typically gravitate towards applying Six Sigma tools that work. In effect, they create their own version of Lean Six Sigma. Having this as a unique philosophy, though, does add value in that it speeds up the way organizations integrate new tools.

**Just-In-Time**

A subset flavor of CI that is similar to Lean, JIT is focused on delivering small, right-sized quantities of materials right where they are needed.

**Agile Manufacturing**

Agile manufacturing is a manufacturing philosophy that is geared towards being responsive to customer demand. It is often pitched as being the next step beyond Lean, but in reality it hasn't gained the same traction in terms of popularity. The premise is sound, however. A company that can quickly shift its production to meet its customer needs has a competitive advantage.

**Theory of Constraints (TOC)**


The overall premise is that a system can only produce as fast as the slowest step. The throughput of the system, therefore, can be improved with a focused effort to improve that step, the constraint.

**Quality Circles**

Quality circles are not exactly a tool and not exactly a philosophy. Essentially, it is the practice of forming small teams of workers that meet regularly to solve problems.
While project teams are still in use, the term 'quality circle' is facing extinction in practical use.

**Total Quality Management (TQM)**

TQM is a continuous improvement approach that pushes for an organization-wide CI effort with a heavy dose of quality management at its heart. You'll likely see things like statistical process control in a TQM program.

**Business Process Re-engineering (BPR)**

BPR takes a process-centric approach to continuous improvement. This approach was popular in the early 1990's, but has since waned significantly.

**What to Call Your Effort**

One of the things you'll find as you research continuous improvement is that there are quite a few people who seem to fixate on terminology.

Because you are changing the culture, some people don't want to see your efforts called a 'program' or anything similar.

Because you are never done, some people don't like using the term 'implement'. They think that implies an end point.

My recommendation is to avoid getting tangled in this debate. Just know that you are trying to change the way you do business in a sweeping manner. Whether you are creating a cultural change or implementing a program is irrelevant. What is relevant is that you are clear in your goals, have a unity of effort, and stay committed to the principles listed below and in subsequent sections.

**Transformation Principles**

**PHASE 2: COMMITTING**

In the committing phase, the key leaders of an organization turn the corner from accepting business as usual to choosing a new path. It is one of the most difficult of the phases because it entails accepting that there is a flaw in the way the business is currently being run, or at least that there is a better way to do things.

- **Build Relationships**: In the later phases, it is imperative that team members and the leaders in the organization work together. It takes a long time to cultivate a strong relationship, so the groundwork has to be laid early in the process of change.

- **Develop Trust**: An integral part of relationships is trust. It is important enough to warrant a separate principle. Team members have to feel safe and confident in their bosses. Leaders have to believe that team members will act in the best interest of the organization.

- **Develop Leaders Internally**: Great organizations push themselves. Weak leadership results in a lack of stretch goals, and an inability to successfully
reach them, regardless of how demanding they are. **Strong leadership** gives an organization purpose and direction.

- **Show Respect for People:** First of all, treating employees respectfully is the right moral thing to do. After all, employees are people. They are not bodies, heads, etc. But beyond that it is good for business. Respect breeds satisfaction, and satisfaction breeds success.

- **Think Long Term:** Far too often, people think in a short timeline and don’t invest in the future. Creating a strong business system takes time and requires patience.

- **Embrace Facts and Data:** You can’t effectively improve without a deep understanding of things. Far too often, decisions are based on opinion and create conflict. Facts and data create clarity and alignment.

*PHASE 3: STARTING THE JOURNEY*

There is an old expression that says even the longest journeys begin with a single step. The same is true when developing a continuous improvement culture. You won’t immediately reach your destination. This phase transitions the leadership team from deciding to acting and sets the tone for your Lean journey.

- **Look Within:** There is a tendency to focus on external factors and other people when facing barriers and obstacles. It is important to look at yourself first. This remains important throughout the development of a business system. The performance bar is continually raised. If you continue to operate at a static level, you will eventually become a barrier to progress.

- **Align the Team:** It should come as no surprise that great organizations have a unity of effort. **Leadership tools like policy deployment** and operations reviews are the tools for getting the team working together. The guiding principles on this list, though, are the bedrock of that alignment.

- **Avoid Bureaucracy:** Organizations without strong principles need lots of rules and policies to get things done. When you have a strong belief system, you need less bureaucracy to be effective.

- **Invest Wisely:** Continuous improvement is not free. It is an investment in the same way that buying a rental property has an upfront cost. Eventually, if you do the right things, you’ll get a payoff. But it is important to make sure that everything you spend has a purpose and will contribute to your overall goals. **One of the best investments you will make** when developing your business system is in people.

- **Know Your Customers and What They Value:** It is impossible to be successful in the modern, competitive world without understanding what your
customers want and are willing to pay for. **Pay close attention to the Voice of the Customer (VOC).**

**PHASE 4: BUILDING THE FOUNDATION**

There are some key skills that your team will require as you develop your business system. You’ll also need some basic structure and systems. The focus of this phase is developing the required talent and building a Lean infrastructure.

- **Focus on Processes:** Processes are the lifeblood of any business system. If people do things in a haphazard manner, you can’t expect consistent results. And without consistent results you cannot rely upon each other.

- **Learn to Learn:** People have three basic problems when it comes to learning. The first is that they don’t know what they don’t know. The second is that when they do see a knowledge gap, they tolerate it. The final problem is that they don’t know how to close the gap when they do identify it as a shortcoming.

- **Build and Empower Teams:** If you can replace your team with a robot, you’re not using people properly. Strong teams have the proper training to make decisions in the absence of leaders.

- **Create Structure:** Creating a business system based on a **continuous improvement culture needs the right framework** within which it can operate effectively. This structure doesn’t happen by accident. It needs to be planned and maintained for the business system to flourish.

- **Embrace Simplicity:** We often confuse technology with effectiveness. Now, technology is fine when it makes things better, but technology for its own sake is not. Look for the simplest solution first, even if it is not as exciting as other options.

**PHASE 5: RAMPING UP**

Once the foundation is built, it is time to start building upon it. In the early part of the ramp up, you’ll probably focus on cultivating talent (though you will still need to deliver results). While that sort of focus on skills growth never goes away, by the end of the ramp up phase, most people on your team should have at least some continuous improvement experience. At that point, there will be a subtle shift from learning and teaching as the priority to a greater focus on results. Learning should not go away, but there will be a change in the ratio of how time is spent. Note that this phase can take a number of years. It is important to be patient.

- **Structure Your Thinking:** **People need to think scientifically.** That means that they gather and interpret facts about a problem before acting. This way of thinking is unnatural for many people. In the early days of humanity, fight or flight were the two basic responses when cavemen were presented with a problem. The decision had to be made
quickly and was based upon what one had seen before. Modern problem-solving, though, tends to be ineffective when done with snap decisions.

- **Focus on Flow:** Every time works sits it creates a problem. It takes more energy and effort to manage it, and customers wait longer to get what they want.

- **Create Standards:** Continuous improvement requires a baseline the start and the ability to recognize abnormal conditions. This means that you have to have standards in place. Without them, there is no foundation upon which to improve.

- **Manage Your Value Stream:** Companies often erect artificial barriers within the organization. They arrange their functions as silos. That makes it hard to create value for customers. Instead, the company should be arranged by value stream.

- **Improving Your Job is Part of Your Job:** Companies turn the corner on their CI journey when employees start taking responsibility to make their own job better. In typical organizations, changes in work are driven by managers. When continuous improvement is part of the company’s DNA, people become dissatisfied with waste in their work and take action to do something about it.

**Phase 6: Keeping Momentum**

The risk during Phase 6 is complacency. Once the company gathers steam, it has to keep it. Don’t confuse this phase for steady state, though. The improvement trajectory should still be steep. It is just that it is using well-established systems with highly trained people. The stability of this phase also allows for greater experimentation with more sophisticated tools.

- **Build in Quality:** Every company understands the quality is important to their customers. Most, though, inspect it into their products. Great Lean companies build quality into them.

- **Adopt a Zero Defects Mentality:** This is a tricky principle. No company has ever achieved perfect quality. But that does not mean you shouldn’t strive for zero defects. It is a mentality more than a goal, and it results in localized pockets of excellence. Get enough of those pockets, though, and quality ends up being pretty great.

- **Strengthen Your Systems:** Systems put tools into context. They also make sure that you understand how a change in one place will impact operations in another. Good systems also reduce the day-to-day effort required to run an operation.

- **Build Full Engagement:** Employee engagement is actually the result of many other factors. Engaged employees, make customers happier,
take the initiative more, contribute to higher morale, and make systems work better. The bottom line is that employee engagement helps the bottom line.

- **Monitor Processes**: It is important to manage operations and solve problems with actual facts and data. You don’t get that information unless you monitor processes. Pay attention to that word choice. Make the distinction between scrutinizing people and tracking processes.

**Phase 7: World-Class Performance**

Few companies will make the leap from Phase 6 to Phase 7. First of all, it is hard to uncover the subtle distinctions between a very good company and a great one. Secondly, even if you know what to do, it can be extremely difficult to actually accomplish it. Winning isn’t easy.

- **Expect to Win**: There is a fine line between confidence and overconfidence. Top-performing companies know that they have the right team and systems to take on the competition and beat them.

- **Think Big**: The companies that have changed the world, or at least their industry, have always done it with great leaps forward. With a strong business system in place, an organization opens up more possibilities.
Our flagship product line, *The Lean Training System* started out as a collection of training modules. It was intended originally as an à la carte system that instructors could piece together into their own customized training plan.

While this early product line was growing, Velaction was also publishing a rather impressive online resource known as *The Continuous Improvement Companion (The CIC)*. This contained hundreds of terms, plus an extensive collection of forms, tools, articles, FAQ’s, and continuous improvement strategies.

On top of that, Velaction also publishes the *Gotta Go Lean* blog which we later integrated into the CIC. This online resource contains a mashup of continuous improvement articles, interviews, podcasts, current events, and, essentially, anything we find interesting.

The big shortcoming of how we were supporting training was that there was very little cohesiveness between all of the materials we'd been creating. That led to us beginning work on this guide. It is meant to combine the Lean Training System, *The Continuous Improvement Companion, Gotta Go Lean Blog*, and add in a set of targeted lessons on continuous improvement. The result is this ‘practical guide’.

So, the *Continuous Improvement Development Guide* is now the umbrella for all of our materials. We will often refer to it as our ‘practical guide’ to continuous improvement.
Note that this guide is closely linked to our website where we offer a large amount of free materials. This is available to any guest. We also have materials that are available to those of you that choose to subscribe to our updates or become a member on our site. This includes **over 100 free downloads** and extended content when logged in to our main site.

**Individual vs. Team**

We have designed our training material to be useful for you whether you are trying to learn on your own or want to develop your team.

- **Team Development:** We offer training materials that you can use to teach individual classes or that can be used to create a comprehensive training program. Our licensing terms are liberal. Most include a one time, permanent licensing fee. Corporate licenses allow you to share the information throughout your organization (restrictions apply, such as a limit of 20,000 employees per license.)

- **Individual Development:** Our wide range of Terms on PDFs, MP3s, Videos, Articles, forms & tools, and much more means it’ll be a long, long, long time before you run out of learning opportunities.

**To Buy or Not to Buy... That is the Question**

As you review this development guide, you will probably notice that we talk a fair amount about our premium products. This guide is intended to be helpful to you whether you buy our products or not. We just think that buying our content will make your effort much more effective.

If you choose to go the free route, simply disregard the references to our premium material and find or develop replacement materials on your own. We don't recommend skipping the topic simply because we don't offer a free version of the material.

In most cases, though, you will find enough content to get you well on your way to success. Again, though, we want to stress that you will be trading time for money in terms of what you are investing. The more you have to find or develop on you own, the longer you will be waiting to start making changes and the higher the risk of making mistakes.

**Pricing**

We have three basic levels of pricing.

- **Guest Content:** Our guest content is simply the free information that is available on our website for any visitor. This includes our online articles, many podcasts, and the
online version of *The Continuous Improvement Companion*.

- **Subscriber / Member Content:**
  Signing up for our email updates gives you membership and access to the free downloads available at www.Velaction.com and www.Velactionstore.com. If you want to participate in discussions on our website, you can also create a user account there. Simply visit http://www.velaction.com/create-my-account/ to get an invite code.

- **Premium Content:** If you want to get more out of your training, our premium content is the most effective way to do that. Our training modules have a variety of components available. We also have a wealth of audio and video presentations. Of note, much of our premium content comes with a corporate license, allowing you to use materials throughout your organization. There are some restrictions. We require one license per reporting entity. Generally, this means one license per president. We also limit standard licenses to organizations with 20,000 or fewer employees. Our full terms are available on our website (www.velactionstore.com) with each product description.
We are frequently asked how to create a continuous improvement culture within an organization. The truth is, there is no one right way to do it. Like any process, it depends on the specific needs of the customer, available resources, the makeup and skills of the team, and a host of other factors.

Fortunately, though, there is a basic roadmap you can use to get your organization where you want it to go. The general approach below breaks a continuous improvement journey into several phases that all companies go through on their CI journey. Even if you’ve already begun your change, it is still helpful to look back at the previous phases to make sure you’ve got the structure in place to help your team thrive.

Our goal is to provide the tools you need to navigate yourself through this challenging transformation. But when you need a guide, we are available to help get you back to doing things on your own as quickly as possible.

If you have any questions or comments on this tool, please contact us at info@velaction.com.
PHASES OF TRANSFORMATION

A continuous improvement transformation proceeds in a series of general phases. These phases correlate to the volumes of our Continuous Improvement Development Guide. While we don’t recommend rigidly following our guide, we do think you should make conscious decisions if you skip steps or choose not to teach topics. Bottom line: be flexible but thoughtful about your plan.

We also want to stress that the boundaries between phases can be blurry. Parts of your organization may be ready to move on to the next phase while other departments are somewhat behind them. Don't hold groups back when they are ready to advance, but be wary about letting others get too far behind. Reallocate resources or consider a leadership change to bring that group ahead depending on the circumstances. You'll find that some tools work in pockets of excellence, but others (such as policy deployment) need company-wide commitment to succeed.

Please note that Velaction offers assistance in helping you navigate your continuous improvement journey. Learn more on our website at http://www.velaction.com/get-help-on-your-continuous-improvement-journey/.

The Method to Our Madness

Ask any number of experts about the sequence to teach improvement topics, and you will get a variety of answers. So, what is our rationale? First off, we want to get the leadership team involved early. If they don't change the way they lead, other tools won't flourish. There is also the aspect of 'pull'. When leaders have clear goals and objectives from policy deployment, they tend to need other tools to hit their targets.

The second big factor is that we try to front-load basic problem solving skills. If the company's continuous improvement efforts fall flat, problem solving tools will still be useful. Plus, problem solving is required as other tools hit obstacles.

Finally, we do try to balance the impact, ease, and prerequisites of tools and topics so there is a natural flow to the lessons. If you have any suggestions about the flow, or when lessons should be taught, please let us know at info@velaction.com.

Phase 1: Introduction and Exploration

Phase 1 is an awareness phase, and as such, is extremely unstructured. Sometimes, a person can go years hearing about Lean in the background of articles, or they can immerse themselves in a weekend of research. Regardless, this is a period during which the person who has the potential to spark change is absorbing information.
**Phase 2: Committing**

At some point, Phase 1 transitions to Phase 2, where a person starts thinking "We should do this in our company." There is certainly still exploration in this phase, but it is done with far more purpose. The research shifts from general knowledge to trying to figure out how to apply it.

It also shifts to trying to sell it. This is especially true if the individual is not a key decision maker who can choose the company's path on his or her own.

**Phase 3: Starting the Journey**

In Phase 3, the leaders of the company have committed to their path, and now the emphasis shifts to getting people on board and making some of the key decisions that will influence how the infrastructure will be built down the road.

The biggest activity that happens here is the establishment of policy deployment (PD). Most people like to jump into Lean with things like 5S or focusing on waste and standard work. The truth is that the single most important, and underutilized, tool in continuous improvement is PD.

It creates alignment in the organization, and requires that metrics are established and tracked. This shift to structured leadership is critical to future success.

That said, we do recommend you begin your 5S during this phase. While we tend to like to promote 5S as part of overall process improvement, most companies can benefit from a thorough cleaning and organizing effort. More importantly, it starts to engage the organization in the process of change early. 5S tends to get some quick gains, and it is hard to argue with the principles behind it. Those small victories will plant the seeds for success in later phases.

**Phase 4: Building the Foundation**

In Phase 4, the organization's transformation is in full swing, but the infrastructure is in its infancy. Throughout this phase, the leadership team will roll out core tools and build the basic systems for a continuous improvement culture.

This phase often relies on pilot areas to test systems and adapt them to the unique situations within your company. It is something of an experimentation phase.

By the end of this phase, which can take 6-12 months depending upon how intense the effort is, the company should have its basic systems in place with solid examples of them in use for others to look at.

**Phase 5: Ramping Up**

In this phase, the leadership team should focus on spreading the existing tools from Phase 4. As commitment grows, you will continue to introduce new tools and apply existing ones at a higher level.
This phase will start out challenging, but as you progress, and the systems become more entrenched, the risk of backsliding will diminish. Employees will get used to the revised systems and processes, and will eventually accept them. You will also find that the longer you stay the course, the more new employees you will have. They will not know the 'old way' or 'how we used to do it.' They will dilute the pressure to revert to old processes.

Keep in mind that this phase, unlike the earlier phases, is a marathon. In Phases 2-4, the key is speed. In this phase, the emphasis is on a relentless, steady pace of continuous improvement.

This phase also shifts from being measured in months to being measured in years. Even with a focused leadership team, you will take a few years to be 'ramped up'. Typically, it will take longer.

Some companies will, however, fall off the path during this phase. The reality that creating a continuous improvement focused business system is not a magic bullet sets in, and managerial commitment can wane.

**Phase 6: Keeping Momentum**

Once there is critical mass in the ramp-up phase, the company needs to keep its momentum. For most companies, this is the final destination. Fortunately, because of the power of a well-designed business system, this progress will be enough to set it apart substantially from its competitors.

Keeping momentum does not mean that progress stops, though. There are still some new, sophisticated tools to roll out, and there will undoubtedly be new innovations in continuous improvement that you will want to integrate.

As a reminder, the boundaries between phases can be blurry. The phase 5 and 6 transition is particular undefined. For most companies, the pace of system development slows down gradually as the organization approaches full adoption. Most of the organization will find themselves in phase 6 as the holdouts continue to ramp up their efforts.

**Phase 7: World-Class Performance**

Most companies will not reach this level. The good news, though, is that aspiring to reach it will still produce outsized gains.

The biggest difference in companies that stop at the previous phase and those that advance to this one lies in their outlook on improvement.

Companies that embrace grand thinking tend to make breakthrough changes. Those that limit their thinking tend to create artificial barriers that they can't overcome.
## OVERVIEW

<table>
<thead>
<tr>
<th>TRACK</th>
<th>Phase 2</th>
<th>Phase 3</th>
<th>Phase 4</th>
<th>Phase 5</th>
<th>Phase 6</th>
<th>Phase 7</th>
</tr>
</thead>
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<td><strong>Phase Name</strong></td>
<td>COMMITTING</td>
<td>STARTING THE JOURNEY</td>
<td>BUILDING THE FOUNDATION</td>
<td>RAMPING UP</td>
<td>KEEPING MOMENTUM</td>
<td>WORLD-CLASS PERFORMANCE</td>
</tr>
<tr>
<td><strong>Timeline</strong></td>
<td>Varies. Often initiated after a crisis.</td>
<td>3-6 Months</td>
<td>6-12 Months</td>
<td>2-5 Years</td>
<td>Ongoing. Final destination for most companies.</td>
<td>Not earlier than 7-10+ years, if achieved at all.</td>
</tr>
<tr>
<td><strong>Description</strong></td>
<td>The committing phase can be any length of time. It starts with the first rumblings of a continuous improvement program and ends with the communication of the decision to begin a Lean journey. Some Phase 1 (introduction and exploration) activities may overlap the COMMITTING phase.</td>
<td>This phase primarily entails the leadership team making key decisions and establishing the system that will be used to track progress (Policy Deployment). There are many changes in the ways leaders operate, but few major frontline process changes during this phase.</td>
<td>The foundation of a continuous improvement program is extremely important. It will make process changes much easier and more sustainable. Of note, a pilot area is often used to figure out how the company will do basic improvement processes.</td>
<td>During the Ramping Up phase, the groundwork has been laid, and the team is starting to focus on process improvement. This is where CI starts to spread across the organization and more sophisticated tools are introduced.</td>
<td>Once improvement efforts have spread throughout most of the company, it is important to keep up the momentum. This is not exactly a steady state phase, as the improvement line should still be steep. It is more of the saturation phase where everyone is involved in Lean, and the focus is on continually strengthening the culture. Companies should also require and support continuous improvement efforts from their suppliers in this phase.</td>
<td></td>
</tr>
<tr>
<td><strong>Key Principles</strong></td>
<td>- Build Relationships</td>
<td>- Look Within</td>
<td>- Focus on Processes</td>
<td>- Structure Your Thinking</td>
<td>- Build in Quality</td>
<td>- Expect to Win</td>
</tr>
<tr>
<td></td>
<td>- Develop Trust</td>
<td>- Align the Team</td>
<td>- Learn to Learn</td>
<td>- Focus on Flow</td>
<td>- Adopt a Zero Defects Mentality</td>
<td>- Think Big</td>
</tr>
<tr>
<td></td>
<td>- Develop Leaders Internally</td>
<td>- Avoid Bureaucracy</td>
<td>- Build and Empower Teams</td>
<td>- Create Standards</td>
<td>- Strengthen Your Systems</td>
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<tr>
<td></td>
<td>- Show Respect for People</td>
<td>- Invest Wisely</td>
<td>- Create Structure</td>
<td>- Manage Your Value Stream</td>
<td>- Build Full Engagement</td>
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</tr>
<tr>
<td></td>
<td>- Think Long Term</td>
<td>- Know Your Customers and What They Value</td>
<td>- Embrace Simplicity</td>
<td>- Improving You Job is Your Job</td>
<td>- Monitor Performance</td>
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<tr>
<td></td>
<td>- Embrace Facts &amp; Data</td>
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<tr>
<td><strong>Risk</strong></td>
<td>Extreme. Easy to get derailed during the committing process.</td>
<td>Moderate. Focus is still on leadership team, so frontline pushback is limited.</td>
<td>High. Greatest resistance to change. Easy to undo Phase 1 work.</td>
<td>High, diminishing to moderate. Over time culture becomes ingrained. More employees coming into new culture; some departures.</td>
<td>Low. Very unlikely to change course at this point. Most changes fully integrated into systems.</td>
<td>Extreme. Few companies achieve world-class performance, and few stay long.</td>
</tr>
<tr>
<td>TRACK</td>
<td>Phase 2</td>
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<td>Phase 4</td>
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<tr>
<td><strong>Senior Leaders</strong></td>
<td>Major Activities</td>
<td>Major Activities</td>
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<tr>
<td></td>
<td>• Commit to creating a continuous improvement culture.</td>
<td>• Begin using policy deployment.</td>
<td>• Conduct monthly PD/Ops Reviews.</td>
<td>• Follow leader standard work / require it in subordinates.</td>
<td>• Mentor A3 thinkers.</td>
<td>• Develop flexible workforce.</td>
</tr>
<tr>
<td></td>
<td>• Identify mentors, if needed.</td>
<td>• Identify key business metrics.</td>
<td>• Require countermeasures for “misses”.</td>
<td>• Create high-functioning teams.</td>
<td>• Create high-functioning teams.</td>
<td>• Use future state VSMs to develop improvement plans.</td>
</tr>
<tr>
<td></td>
<td>• Educate and rally support of middle management.</td>
<td>• Select pilot areas to develop new improvement processes.</td>
<td>• Require daily management in all production areas.</td>
<td>• Move to value stream management.</td>
<td>• Develop leaders.</td>
<td>• Materials managers should require (and support) continuous improvement efforts in supplier companies.</td>
</tr>
<tr>
<td></td>
<td>• “Sell” the need to change to team.</td>
<td>• Drive customer focus</td>
<td>• Require Value Stream Maps for all production areas.</td>
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<td></td>
<td>• Commit resources to journey.</td>
<td><strong>Key Prerequisites</strong></td>
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<td></td>
<td></td>
<td>• CI Contract</td>
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<td></td>
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<td>• Revised job description</td>
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<td></td>
<td></td>
<td>• Mentor identified</td>
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<tr>
<td></td>
<td><strong>Key Training</strong></td>
<td><strong>Company Training</strong></td>
<td><strong>Company Training</strong></td>
<td><strong>Company Training</strong></td>
<td><strong>Company Training</strong></td>
<td><strong>Company Training</strong></td>
</tr>
<tr>
<td></td>
<td>• Executive Rollout Training</td>
<td>• Operations Review Training</td>
<td>• Countermeasures</td>
<td>• KPI Boards posted</td>
<td>• A3 Thinking</td>
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</tr>
<tr>
<td></td>
<td>• Lean Management Overview</td>
<td>• Daily Management</td>
<td>• Daily Management</td>
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<td></td>
<td>• Policy Deployment</td>
<td>• Value Stream Mapping</td>
<td>• Value Stream Mapping</td>
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<td></td>
<td>• Managing with Metrics</td>
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<tr>
<td><strong>Managers</strong></td>
<td>Major Activities</td>
<td>Major Activities</td>
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<td>Major Activities</td>
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<tr>
<td></td>
<td>• Manage change in frontline teams.</td>
<td>• Manage new metrics.</td>
<td>• Develop CI processes.</td>
<td>• Follow leader standard work.</td>
<td>• Develop flexible workforce.</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Key Training</strong></td>
<td>• Develop KPI boards.</td>
<td>• Do countermeasures.</td>
<td>• Standardize / document all processes.</td>
<td>• Use future state VSMs to develop improvement plans.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Change Management</td>
<td>• Integrate PDCA into problem solving everywhere.</td>
<td>• Oversees daily management.</td>
<td>• Roll out kanban</td>
<td>• Materials managers should require (and support) continuous improvement efforts in supplier companies.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Manager rollout training</td>
<td>• Create value stream maps.</td>
<td>• Pilot kanban</td>
<td>• Leader Standard Work</td>
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<td></td>
<td>• Managing with Metrics</td>
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<td></td>
<td>PDCA</td>
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</tbody>
</table>
### CORE TEAM (CONT.)

<table>
<thead>
<tr>
<th>TRACK</th>
<th>Phase 2</th>
<th>Phase 3</th>
<th>Phase 4</th>
<th>Phase 5</th>
<th>Phase 6</th>
<th>Phase 7</th>
</tr>
</thead>
</table>
| **Frontline Leaders** | **Major Activities**  
- Partner with frontline teams.  
- Key Training  
  | **Change Management** | **Major Activities**  
- Maintain KPI boards.  
- Develop CI processes.  
- Key Training  
  | **Manager Rollout Training**  
- Managing with Metrics  
- Working with Metrics  
- SS & Visual Management | **Major Activities**  
- Support countermeasures.  
- Key Training  
  | **Daily Management**  
- Countermeasures | **Major Activities**  
- Create visual workplace.  
- Key Training  
  | **SS & Visual Management** | **Major Activities**  
- Cross-train teams.  
- Key Training  
  | **Cross-training** |
| **Frontline Teams** | **Major Activities**  
- Learn about decision to change.  
- Learn about continuous improvement.  
- Key Training  
  | **Whaddaya Mean I Gotta Be Lean?**  
- Lean Overview | **Major Activities**  
- Begin SS efforts.  
- Report data for KPIs.  
- Monitor process metrics.  
- Key Training  
  | **SS & Visual Management**  
- Working with Metrics | **Major Activities**  
- Participate in pilot area improvement.  
- Key Training  
  | **Kaizen Process Overview** | **Project participants receive training as needed**  
- Kaizen training as needed  
- Total Productive Maintenance | **Major Activities**  
- Operate with daily management.  
- Key Training  
  | **Total Productive Maintenance** | **Major Activities**  
- Operate on self-managed teams.  
- Rotate jobs frequently.  
- Key Training  
  | **Cross-training** |
| **Frontline Professionals** | **Major Activities**  
- Be subject matter experts in problem-solving tools.  
- Focus on personal learning / OJT tool training.  
- Key Training  
  | **Basic Problem Solving**  
- Cause & Effect Diagram  
- Data Collection  
- Flow Charts  
- Pareto Charts  
- RCAs & The 5 Whys  
- Run Charts | **Major Activities**  
- Partner with production areas to provide project support.  
- Teach problem solving skills, as needed.  
- Focus on personal learning / OJT tool training.  
- Support / test CI tool rollout.  
- Create Kanban system  
- Key Training  
  | **Kanban Overview** | **Major Activities**  
- Use Design for Manufacturability in product development.  
- Key Training  
  | **Design for Manufacturability** | **Major Activities**  
- Use 3P / Production Preparation Process for product development.  
- Key Training  
  | **3P / Production Preparation Process** |
## Infrastructure

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<tr>
<th>TRACK</th>
<th>Phase 2</th>
<th>Phase 3</th>
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<th>Phase 5</th>
<th>Phase 6</th>
<th>Phase 7</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Frontline Professionals</strong></td>
<td>- Identify future resource team members.</td>
<td>- Establish resource team for project support and backfill.</td>
<td>- Grow size of resource team to support project needs.</td>
<td>- Integrate frontline leader training program into resource team.</td>
<td></td>
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<tr>
<td><strong>Resource Area</strong></td>
<td>- Create project area.</td>
<td>- Create Red Tag process and area.</td>
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<tr>
<td><strong>Knowledge Management</strong></td>
<td>- Select / develop training materials.</td>
<td>- Establish knowledge management system.</td>
<td>- Identify benchmarking partners.</td>
<td>- Establish improvement database.</td>
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<tr>
<td><strong>Forms &amp; Tools</strong></td>
<td>- CI Contract</td>
<td>- Red Tags</td>
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</tr>
</tbody>
</table>

- Stock project area with project resources.
- Create Red Tag process and area.
- Identify benchmarking partners.
- Establish mutual tour program.
- Make professional membership plan (continuous improvement organizations).
- Establish improvement database.
- Manage and update training materials.
## MENTORSHIP

<table>
<thead>
<tr>
<th>TRACK</th>
<th>Phase 2</th>
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<tr>
<td><strong>Internal Expertise</strong></td>
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<td></td>
<td>• Hire / appoint an internal expert.</td>
<td>Major Activities</td>
<td>Major Activities</td>
<td>Major Activities</td>
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<td></td>
<td></td>
<td>• Establish Lean Promotion Office.</td>
<td>• Formalize CI processes.</td>
<td>• Identify cadre (future LPO).</td>
<td>• Train cadre (future LPO).</td>
<td>• Train cadre (future LPO).</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Oversee pilot area development.</td>
<td>• Provide kaizen leadership.</td>
<td>• Provide kaizen facilitation.</td>
<td>• Provide kaizen facilitation.</td>
</tr>
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<td></td>
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<td></td>
<td>• Formulate and introduce CI processes.</td>
<td>• Refine CI processes.</td>
<td>• Support advanced learning</td>
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<td></td>
<td>• Manage steering team.</td>
<td>• Train company trainers.</td>
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<td>• Support pilot area development.</td>
<td>More Support Options</td>
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<td>• Provide on-call support for special projects / problems.</td>
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<td>• Support advanced learning</td>
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<td>• Train company trainers.</td>
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<td></td>
<td>Key Training</td>
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<tr>
<td></td>
<td>• Kaizen Process Overview</td>
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<tr>
<td></td>
<td>• Kaizen Planning and Chartering</td>
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<tr>
<td></td>
<td>• Kaizen Process Walk</td>
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<td></td>
<td>• Kaizen Data Analysis</td>
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<tr>
<td></td>
<td>• Making Kaizen Improvements</td>
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<tr>
<td></td>
<td>• Sustaining Kaizen Gains</td>
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<tr>
<td><strong>External Expertise</strong></td>
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<td></td>
<td>• Decide on level of external support required.</td>
<td>Major Activities</td>
<td>Major Activities</td>
<td>Major Activities</td>
<td>Major Activities</td>
<td>Major Activities</td>
</tr>
<tr>
<td></td>
<td>• Identify coach.</td>
<td>• Complete Lean Assessment.</td>
<td>• Provide kaizen facilitation.</td>
<td>• Create self-reliance.</td>
<td>• Train cadre (future LPO).</td>
<td>• Remote process reviews (via recordings or video conferencing)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Develop CI roadmap.</td>
<td>• Support company strategy development.</td>
<td>• Train cadre (future LPO).</td>
<td>• Roll out advanced tools.</td>
<td>More Support Options</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Coach and train as needed.</td>
<td>• Support CI process development.</td>
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<td>More Support Options</td>
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<tr>
<td></td>
<td>• Boot camps (Daily Management, Countermeasures).</td>
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### SUPPORT TEAM

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<th>TRACK</th>
<th>Phase 2</th>
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<th>Phase 6</th>
<th>Phase 7</th>
</tr>
</thead>
</table>
| **Human Resources** | Major Activities  
- Coach leaders on change management.  
- Support hiring internal expertise.  
- Manage personnel issues.  
- Support communication plan.  
- Do personnel review for special situation / potential problems. | Major Activities  
- Revise job descriptions.  
- Revise hiring process to support CI.  
- Support voluntary and involuntary terminations. | Major Activities  
- Identify / develop CI talent funnel (LPO, Resource team).  
- Manage training records, if applicable. | | | |
| **Information Technology** | | Major Activities  
- Develop CI support processes. | | | Increase staffing to handle project load. | |
| **Facilities** | | Major Activities  
- Develop CI support processes. | | | Increase staffing to handle project load. | |
| **Tooling** | | Major Activities  
- Develop CI support processes. | | | Increase staffing to handle project load. | |
## TRAINING & SUPPORT MATERIALS

<table>
<thead>
<tr>
<th>TRACK</th>
<th>Phase 2</th>
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<th>Phase 4</th>
<th>Phase 5</th>
<th>Phase 6</th>
<th>Phase 7</th>
</tr>
</thead>
</table>
| Key Modules | - Change Management  
- Whaddaya Mean I Gotta Be Lean? | - Lean Overview  
- Lean Office Overview  
- Lean Management Overview  
- Policy Deployment  
- Managing with Metrics  
- Working with Metrics  
- 5S & Visual Management  
- Cause & Effect Diagram  
- Data Collection  
- Flow Charts  
- Pareto Charts  
- RCA & The 5 Whys  
- Run Charts  
- PDCA  
- Voice of the Customer | - Countermeasures  
- Daily Management  
- Standardization  
- Standard Work  
- Waste ID  
- Value / NVA  
- Kanban Overview  
- Value Stream Mapping  
- Kaizen Process Overview  
- Kaizen Planning and Chartering  
- Kaizen Process Walk (Office)  
- Kaizen Data Analysis  
- Kaizen Making Improvements (Office)  
- Kaizen-Sustaining Gains  
- Kanban Overview | - Quality Overview  
- Critical to Quality Metrics | - A3 Thinking  
- Controls Charts  
- Poka Yoke / Mistake Proofing  
- FMEA |
Our early version of *The Lean Training System* consisted of stand-alone modules. We later started integrating items from *The Continuous Improvement Companion*, primarily terms, forms, and our extended articles. In its current configuration, the Lean Training System is just one portion of the much more comprehensive training.

Our modules are broken down by topic, with each module containing a variety of components. The central component is the PowerPoint presentation. From that, we develop a student guide, quizzes, and videos.

We often have forms & tools and terms from *The Continuous Improvement Companion* that are closely integrated with our modules. Many of these have audio programs as well.

Look on the following pages for a description of the components and their corresponding icons, as well as a listing of our training packages broken down into module groups.
## COMPONENT DIRECTORY

<table>
<thead>
<tr>
<th>Component</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td><strong>PowerPoint Presentations</strong></td>
<td>Our highly visual PowerPoint presentations are the central component to our training modules. While this component can stand alone, our slideshows offer a key advantage over other Lean training packages on the market. You can bolt on a variety of other modules and components to the training to create the perfect learning experience for your team. And finally, because we are so confident in our packages, we let you see thumbnails of every single slide so you don’t just review a cherry-picked sample.</td>
</tr>
<tr>
<td><strong>Student Guides</strong></td>
<td>While printing out handout versions of our slideshows is an option, we offer you an even better one. Our student guides help students retain key information from the presentations by giving them a structured way to follow along with their note-taking. Active participation in the training improves retention.</td>
</tr>
<tr>
<td><strong>Training DVDs</strong></td>
<td>Our Lean Training DVDs are great on their own. They provide a wealth of knowledge at an unbeatable price. But their value goes beyond that. They are created from our PowerPoint classes, which unlocks a variety of options for you. Use these videos as a leader’s guide to see how we teach the classes, as part of a brown bag program, for makeup training, or even to indoctrinate new hires. Plus, the forms used in the DVDs are available for free to subscribers/members.</td>
</tr>
<tr>
<td><strong>Video Licenses</strong></td>
<td>Want your whole team to have access to the same great training videos? Our corporate licenses let you post a copy of the videos from our DVD library on your server for your whole team to view. This is a great option if you have a big team that is spread out at numerous locations. The license does not expire and the video is hosted on your own system, so you won’t have to keep paying a subscription fee. We also offer small format videos licensed for individual viewing.</td>
</tr>
</tbody>
</table>
**Online Videos**

We post a variety of videos on our YouTube channel and link to them on our site. These include excerpts from our DVDs, recorded webinars, and a variety of other short videos. These videos make our info-rich site an even better learning destination.

**Training Exercises**

At Velaction, we believe in the crawl-walk-run model of training. Our training exercise let people put the lessons they learned to immediate use in a safe, “crawl” environment, before trying the concepts out for real. These exercises create the “Aha!” moments that really make lessons stick.

**Lean Lego Kits**

No Lean training library is complete without a few Lego training kits. These special exercises make learning fun, which improves engagement, and consequently, drives lessons home.

**Simulations**

Our simulations go beyond simple training exercises and tie many concepts together. They take quite a bit longer, but are well worth the effort.

**Quizzes and Tests**

It can be a challenge for instructors to see how much of a lesson stuck. Our quizzes and tests provide trainers with a quick, easy way to check their work and see what their students retained. In addition to the questions, our quizzes include a discussion guide for instructors.
<table>
<thead>
<tr>
<th><strong>Tutorials and Special Reports</strong></th>
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<tr>
<td>Our tutorials dive deep into a topic with the intent of providing you with the confidence to try implementing a concept on your own.</td>
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<th><strong>Forms &amp; Tools</strong></th>
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<td>Continuous improvement is easier when you have the right tools for the job. We’ve got a wide range of documents and other materials to help you cruise along on your Lean journey. Our Forms &amp; Tools are available for free download by our members/subscribers.</td>
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<th><strong>Lean Dictionary</strong></th>
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<td>We host one of the most extensive, detailed online continuous improvement guides you will find anywhere. It includes more than just basic Lean terms. It draws from other continuous improvement philosophies as well as general areas such as leadership, business, and even psychology. Our guide goes beyond basic definitions, though. It explains what it means to your continuous improvement efforts.</td>
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<th><strong>Lean Terms on PDF</strong></th>
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<tr>
<td>Many of the terms in our Lean Dictionary are available to registered users as downloadable PDF files. Use them to build customized reference guides, as handouts for classes, or even to give out in the lunchroom. They are flexible so you can be creative in how you use them.</td>
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<th><strong>Lean Audio Training (Individual License)</strong></th>
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<td>People are busy and trainers are not always available. Our audio training lets learn when it is convenient for you. Listen to our training in the car, while standing in line, or while at the gym. Individual licenses allow a single person (listed in the 'Ship To' address of the sales receipt) to listen to this program.</td>
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<td><strong>Lean Audio Training (Corporate License)</strong></td>
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<td><strong>Continuous Improvement Articles</strong></td>
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<td><strong>Instructor Packs</strong></td>
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<td><strong>Independent Study Packs</strong></td>
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<tr>
<td><strong>Frequently Asked Questions</strong></td>
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<td><strong>Lessons of the Day</strong></td>
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<tr>
<td><strong>Lean Strategies</strong></td>
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LEAN 101 MODULE GROUP

- Lean Overview Training Module
- Metrics, Working with, Training Module
- Quality Overview Training Module
- Standardization Training Module
- Value / Non Value-Added Lean Training Module
- Waste Identification Training Module

STANDARD LEAN TOOLS MODULE GROUP

- 5S and Visual Management Training Module
- Kanban Overview Training Module
- Poka Yoke Training Module
- Standard Work Overview Training Module

LEAN LEADERSHIP MODULE GROUP

- A3 Thinking, Fundamentals of, Training Module
- Change Management Training Module
- Countermeasures Training Module
- Daily Management Training Module
- Lean Management Overview Training Module
- Metrics, Managing With, Training Module
- Policy Deployment Training Module
- Value Stream Mapping Overview Training Module
PROBLEM SOLVING MODULE GROUP

- Cause and Effect / Ishikawa Diagram / Fishbone Diagram Training Module
- Data Collection Training Module
- Flow Charts Training Module
- Pareto Charts Training Module
- PDCA Training Module
- Root Cause Analysis and the 5 Whys Training Module
- Run Charts Training Module

KAIZEN PROCESS MODULE GROUP

- Kaizen Data Analysis Training Module
- Kaizen Planning and Chartering Training Module
- Kaizen Process Overview Module Page
- Kaizen Process Walk (Office) Training Module
- Kaizen Sustaining Gains Training Module
- Kaizen-Making Improvements (Office) Training Module

LEAN OFFICE MODULE GROUP

- Lean Office Overview Training Module
GENERAL CONTINUOUS IMPROVEMENT MODULE GROUP

Control Charts Overview Training Module
Critical to Quality Metric Overview Training Module
FMEA / Failure Mode and Effects Analysis Training Module
Voice of the Customer (VOC) Overview Training Module

Visit our website at http://www.velactionstore.com/training-modules/modules-by-group to learn more about these training modules.
What Our Practical Lessons Are

Our practical lessons provide a step-by-step approach to continuous improvement. They walk you through the phases of a transformation from when you first decide to commit to Lean, all the way through world-class performance. The lessons broken down into the volumes listed below with each one corresponding to a phase of our Continuous Improvement Transformation Model.

Within these volumes you will find sections to support your evolution. These sections come in four basic flavors.

- **Knowledge Building** sections put you in receive mode and provide you with top quality information.
- **Lesson Plans** go further and require you to do something to apply the knowledge.
- **Development Gates** walk you through the process of putting a piece of infrastructure in place.
- **Waypoints** give you a brief pause to review what you should know, how the company should be performing, and what is coming up next.

In addition, you will recall that we have integrated our other materials. These are listed in our volume/phase directories.

- **LTS Modules** (Lean Training System modules) are designed as single-topic, stand-alone packages. They can be used within or independently
of the flow of our development guide.

- **CIC Entries.** These include forms & tools, terms, articles, blog entries, polls, FAQs, improvement strategies and much more. In short, it combines the wealth of information from our website into a cohesive learning strategy.

**Why do you need this guide?**

The short answer is that Lean, and for that matter, most continuous improvement methodologies, are very polarizing. People either view them as the source of great competitive advantage (positive viewpoint) or as a means to squeeze every last drop of profit out of the team (negative point of view).

The truth is, this split is understandable. Many companies see the challenges that come with cultural change, and never leave the starting gate. Others launch improvement initiatives only to see them fail. In the best case when these undesirable situations are present, the attempt consumes resources and distracts the company from achieving other goals. In the worst of these cases, the failure mode leaves the company in worse shape than it started. The low success rate and the ease of finding someone who felt harmed by improvement efforts can make Lean a hard sell.

But the potential of Lean is also clear. The companies that successfully change the way they do business see remarkable improvement. In many cases, their transformation rescues them from the brink of financial disaster. In other cases, it makes them a market leader.

**So what is the difference between failure and success?** Well, the reasons are numerous.

- Despite the vast quantities of information available about continuous improvement, it is disjointed and often contradictory. It takes tremendous effort to sift through it to figure out what to do.
- Getting help can be extremely expensive. This can price small and midsize businesses out of making an attempt to become Lean. (Ironically, these companies are generally the most flexible and could more easily change their culture.)
- Lean is promoted in an overly optimistic fashion, especially by some consulting groups. That's because they have to justify their cost to land business. The high expectations are difficult to live up to.
- Lean is treated as a set of tools. They are not applied in a cohesive manner.
- Management teams focus on employees, but they don't change the way they lead the company. This makes it hard to engage teams when they feel like they are doing all the heavy lifting.
• Lean is applied without respect for people. Again, this alienates them and increases the chance of failure.
• And finally, people just don’t know how to go about changing the company. They get overloaded by all the things that have to get done, and end up bogged down.

Our practical guide is intended to address those issues by presenting information in a well-structured, bite size manner.

**Volume Directory**

This guide is organized into volumes that correspond to the 7 phases of our Continuous Improvement Transformation Model.

• **VOLUME 0: PROGRAM OVERVIEW**  (You are here)
• **VOLUME 1: INTRODUCTION AND EXPLORATION**
• **VOLUME 2: COMMITTING**
• **VOLUME 3: STARTING THE JOURNEY**
• **VOLUME 4: BUILDING THE FOUNDATION**
• **VOLUME 5: RAMPING UP**
• **VOLUME 6: KEEPING MOMENTUM**
• **VOLUME 7: WORLD-CLASS PERFORMANCE**

**Practical Guide Mission Statement**

This guide is intended to 1) make continuous improvement more accessible and less intimidating and 2) increase the likelihood of successfully creating a business management system that drives continuous improvement.

**Practical Guide Vision**

We envision the *Continuous Improvement Development Guide* as a step-by-step guide that will walk you through the challenge of creating a business management system built upon a continuous improvement culture. We want companies successfully working through the guide to thrive in their market and to become sought after places of employment.

We also see this as an evolving resource. Because much of it is posted online, it will benefit from the input of the Lean community and continuously improve itself.

**Your Challenge**

We produce this guide from the perspective of the average company with typical needs. If you are at all familiar with averages, that means it will progress too quickly for half of you and too slowly for the other half. It means that it will be too complicated for 50% of you and too simplistic for the other 50%. Half of you will find our challenges to you too aggressive, and the other half will think we don’t go far enough. Fortunately, if you also understand normal distributions (bell curves), you’ll know that most of you will be fairly close to what we designed it for. Just keep in mind that it will never be a perfect match.
What that means to you is that this program will need some adjustment to work in your specific situation. You cannot treat it like a cookie cutter approach. Use the tools the way they are designed, but apply a healthy dose of common sense. Skip sections as needed (but make sure to do this for the right reasons), and augment others. Or add in complete sections you design on your own if we don't address something you require.

The bottom line is that **only you know what you truly need**. Use us as a starting point to make an even better business management system for your company.

### About Our Section Directories

For each phase, you will find a section directory. These combine our training modules, practical lessons, blog articles, FAQs, Continuous Improvement Companion terms, podcasts and more.

### Duplicate Listings

Note that you may see some items, especially those from *The Continuous Improvement Companion*, listed in multiple locations. These items support practical guide lessons, modules, and sometimes stand on their own. The entries in the section directory will be marked with a 'P' for primary location, and 'S' for secondary locations. Bundles are based on primary locations. Please keep this in mind as you make purchases to prevent duplication.

### Using the Learning Plans

Use these lists as a tool to guide you and your team on your Lean journey. While we recommend trying to follow these lessons in this general order, keep in mind that you don't need everyone in your organization to be experts on every single lesson. Pick and choose who learns what, but whatever you do, make a plan about how you will go about learning and teaching your team. Putting your lessons on a schedule ensures that they get done.
PHASE 1: INTRODUCTION AND EXPLORATION

About This Phase: This phase covers the introduction and exploration on how to start a continuous improvement journey. Phase 1 tends to focus heavily on our program and what it can do for you. The later phases tend to be much more generic in nature, and do far less promoting of our own materials.

Hmmmm.....What’s Lean?

If you are in Phase 1, you likely have heard some rumblings about Lean or some other continuous improvement methodology. If you have gotten this far, you probably did a web search or asked around and are now trying to figure out two things. The first is whether you really want to take on this challenge. The second is what path do you want to follow.

I’ll be honest. There are a lot of different sources of information available to you. You’ll have to factor in cost, the range of information, the style, the philosophy, and whether there is enough flexibility to meet your specific training needs. Obviously, we think we’ve got a good contender. Read through this guide and then take some time to look for alternatives to what we offer. If you choose a different path, we still wish you the best and hope we can still help you in some other way.

If you do choose to follow the progression we suggest, it is time to make a decision to actually get started.

Keep this in mind, though. Something around three quarters of all efforts at continuous improvement don’t live up to expectations. We like to think that we give you better odds, but the truth is that the biggest factor in your success is you. If you are committed and fight through adversity, you'll do better. If Lean was easy, everybody would be doing it well and it would not be a competitive advantage.

Whatever approach you take, we suggest hedging your bets. What do we mean by that? Well, in short, if there is a 75% chance that you'll come up short, you should at least get something out of your efforts.

Our program is designed to make it easier to take the leap to committing by front-loading a lot of skills that are independent of the traditional Lean tools. There is a heavy bias on problem solving early on. We figure that if you veer off your path down the road, you'll be better off having your team know about how to think critically about an issue than on how to speed up changeover or use an andon light or modify Standard Work.

We also start with leaders. Many efforts fail because leaders get their teams doing things a better way, but continue to use their old leadership bag of tricks.
Eventually, the gap between traditional leadership and a continuous improvement culture becomes too great and efforts flounder.

The leadership tools we teach are helpful, again, even if you don’t eventually adopt Lean tools. More importantly, though, this order of progression is something of a canary in the mine. If your leaders won’t change how they lead early on before you really invest in new business systems, they will be unlikely to change later. It is better to know before you spend a lot of your limited resources.

So, now, if you are still intrigued, we recommend you look over the rest of this document, and then check out the section directories for a more detailed look at each phase of our program. (It is available at http://www.velaction.com/section-directory-practical-guide-ci/ if you are reading a print copy of this guide.) Compare it to the other options you come across as you continue your exploration. Once you make a decision, though, it is time to commit.

How to Use the Program

One of the challenges of making a step-by-step guide is that the needs of every organization are different. And within that organization, there is not a universal need for the same training. On top of that, even when the need for a group is similar, it consists of many people of varying skills and backgrounds who will move through the instruction at their own pace.

So while this guide is designed to be done in a linear fashion, we recognize that you may have several teams charting their own course at their own pace through your business system development. This program is designed to account for this variation. Sections, while connected in their basic flow, are generally stand-alone lessons. This gives you some flexibility in how your organization can configure a lesson plan to suit your specific needs.

The key is to make sure that each organization has a plan for how it moves through the sections and that it meets the targets that its leaders set for themselves. This is especially important as infrastructure is developed. It can be disruptive to have organizations within the same company operating at markedly different levels of performance.

Program Scope

Our step-by-step guide is intended to be used by entire organizations. It will hamstring your efforts at creating a continuous improvement culture if there is limited participation. For example, it will be difficult to create flow on the shop floor if production planning and sales & marketing are not on board. Likewise, policy deployment depends upon cooperation between senior leaders. In the complex business environment, few processes do not cross functional boundaries. If some
executives are unwilling to participate in developing the business management system, it will be difficult to build an effective infrastructure.

That said, partial participation is better than no participation. The guide will just require some careful thought and modification to account for the challenges of having competing management styles within the same company.

**The Program Leader**

This continuous improvement program will work best if a single individual is assigned to manage it for your company. He or she will oversee the program and manage the progression of the various organizations. If your company has a specified person in charge of continuous improvement, the choice is easy. If not, a single senior manager or executive should be assigned this responsibility.

That person also needs the authority to back up their plan. *This is exceptionally important.* Some of the sections, especially the development gates, must be done before subsequent sections can be completed effectively. If the program leader cannot direct the team to hit a target on time, the already monumentally difficult task to build the business management system becomes that much harder.

**About "Program".** Terminology can get people worked up. Many purists will tell you that CI should not be a 'program' but rather should be part of the company. When you get to the later phases, feel free to change the name of this position. During the transition, your CI efforts do have a lot of characteristics of a program. People will think of it as a program until you have successfully changed the culture. We use the term 'Program Leader' because it matches what people are familiar with during a time of change.

In general, the sections are written to the person the skill is targeted to with the assumption that program leader will direct the appropriate trainees to the relevant sections. For example, the section may be a development gate in which a manager is required to set up a pilot daily management program. It is up to the program leader to identify the manager who will complete the section and help coach her on the use of the practical guide.

The program leader candidates should be identified during this phase.

**Learning Continuous Improvement**

While the focus of this program is to walk you through the steps of developing a business management system, it is also a great tool to organize your efforts to learn about continuous improvement. There is so much to learn, and so much information available, it can be a daunting task just to
figure out where to start. This guide can also be a syllabus of sorts. Follow along and go through the lessons in the logical order we present. Even if you look for the actual content elsewhere, this guide can help you figure out what to look for next.

We also encourage you to spend a little time each day learning. That constant focus on 'sharpening the axe' not only helps you with the current lesson, but it will refresh your understanding of related topics. Keep in mind that education has a half-life. You forget what you learned unless you make an effort to retain it.

**Business Size**

The information contained in this program is applicable to any size company. Our target audience, however, is small to mid-sized businesses. They tend to have less internal expertise than large companies, and are less likely to have their own training materials. (Note: We define small businesses as those with under a hundred employees and mid-sized companies as those with 100-1000 employees.)

Smaller companies also have the advantage of being more flexible, less bureaucratic, and can roll out changes with less cost.

**The People We Help**

Writing a program like this takes a delicate balance. For it to be effective it has to be adopted by a variety of people. We attempt to weigh the needs of each group so the guide does not favor one over the other.

- **Frontline Employees:** These people are the engine that drives a company's success. They do the day-to-day work that keeps the company going. We focus on job satisfaction to get this group engaged.
- **Frontline Professionals:** This group is similar to frontline employees, but has some specialization and likely more training. Engineers, marketers, and accountants fall into this group. They do a mix of day-to-day work, but also handle many recurring projects that support the organization. The structure our

**Who This Program Helps**

**Industry Applicability**

There is a common perception that Lean is just for manufacturing. Over the years though, Lean principles have evolved and have migrated into the office and the variety of other industries. This program, similarly, is applicable to the following industries and functions

- Manufacturing
- Lean Office/Administration
- Lean Service
- Lean Healthcare
- Lean Government
- Lean Education
guide provides and the emphasis on teaching people to solve problems benefits this group.

- **Frontline Leaders**: This group consists of leads, supervisors, and floaters. They often are hands-on, working leaders, and frequently rose up through the ranks of the group they are in charge of. They typically have well-defined responsibilities and are limited in the decisions they are allowed to make. They seldom have budgetary authority. They are also among the hardest working employees in the company, and never slow down. Our guide helps create the management systems that make routine leadership activities easier.

- **Managers**: This group contains the tactical leaders for the company. They decide how the company will implement its strategy. They also have budgetary responsibility. We build management structures so this group can focus on improvement.

- **Executives**: These are the strategic leaders for the company. They chart the direction the company will go. Our guide does two main things for executives. First, it clarifies their intent through PD so the company is aligned. Second, it opens up options. With a higher performing team, both the range of what they take on and the size of the targets they can achieve are expanded.

- **Private Investors**: These are the financial backers of the company. Because they are investing directly, they tend to be more vested in the company. Private investors are among the biggest beneficiaries of a business management system. They tend to have more patience than other investors and are more willing to trade current profit for bigger profit later.

- **Stockholders**: Some stockholders have a personal commitment to the company, but many see it as a series of 3 or 4 letters and a set of financials. They fuel publicly traded companies, but are also demanding. They want immediate returns, and are often impatient about long-term investment. This is a tricky group to support, as they often think quarterly. Our step-by-step guide is intended to spread the costs of development while yielding steady improvement.

- **Vendors/Suppliers**: Suppliers and their customers (your company) exist in a state of competitive cooperation. They must work together effectively to create value, but they are also competing for their share of the profit pie. How you split the pie is up to you. What we do, though is try to make the pie bigger and help you limit the waste in the exchange so there is more to split.
• **Customers:** Customers fund the company. The more value we help you provide to them, the more funds they are willing to provide to you. A customer focus is embedded in everything we do.

**Where Your Company Is on Its Lean Journey**

We know that our customers are at different stages of sophistication in their continuous improvement efforts. The system is designed to help you regardless of where you are.

• **Just Starting:** This is the most applicable use of our guide. It walks you through the steps to go from zero Lean experience to world-class performance. Granted, it will take several years to get there, but this guide charts the course.

• **Already Building a System:** We realize that you may already have started out on your program. We provide ample information about each step so you can determine if you already have it covered, or if you need to add or rebuild that capability.

• **Not Building a System, but Using Tools:** Some companies don’t want to build a complete business management system, but still want some of the pieces of what it includes. No problem. While we think this limits your full potential we still want to help. Our steps are designed to be semi-independent. Some build on each other, but many are great for rolling out a single capability.

**Intended Audience of Sections**

Writing a guide such as this is complicated because an organization is not homogenous. The sequencing of the sections is from the perspective of when the material is first introduced to the organization. Bear in mind that we do not intend for each section to be taught to the entire organization as you move through the guide.

For example, we do not intend for you to teach Pareto charts to your whole team at once. We recommend teaching this to managers and frontline professionals who in turn can teach your frontline team members as the need for the tool arises. The goal of this guide is to create organizational competence.

**Lean vs. Continuous Improvement**

In the development of this program, we had to make a decision about the nomenclature we use. If we take a purist approach, continuous improvement is an umbrella term that covers all of the different methodologies. Lean, Six Sigma, Theory of Constraints, JIT, quality circles, etc. all fall under this umbrella.
However, while we recognize the distinction, for a variety of reasons (readability, brevity, matching what our customers are searching for, search engine issues, etc.), we often use the terms of Lean and continuous improvement somewhat interchangeably. Please keep this in mind as you use our system.

**Program Selection Risk**

We know that there is a tremendous amount of risk associated with choosing a program such as ours. We try to mitigate this for you in three ways.

1. We give you loads of free content so you can become familiar with us. There should be no surprises when you start buying our materials.
2. You can start with a very low investment. Buy our materials one of the time until you're ready to commit. If you choose to go down a different path, you'll have invested very little time and money in our program.
3. We've got a [money back guarantee](#).

**Program Organization**

Our program is organized to make it easy to use in a variety of applications. We have designed it to be flexible enough to use as a step-by-step guide, or to be an à la carte menu that you can choose just the lessons you want.

**Volumes**

As mentioned earlier, the program is divided into six volumes that correspond to the phases you will go through as you transition from deciding to create a continuous improvement culture on through world-class performance.

These volumes are intended to be done in order. Because of the complexity of an organization and the different paces people may work, you may find some overlap in what you work on. Basically this means that some groups may move ahead of others or that the program leader will do some sections early because of a specific need or scheduling requirement.

**Sections**

Each volume is broken into a series of sections. The sections will generally be one of several varieties.

- **Knowledge Building**: This type of section puts you into a receive mode. It is comparable to reading a book or watching a video to gain knowledge.
- **Lesson Plan**: This type of section increases your level of participation and requires you to do something to put the skill to use. Lesson plans typically contain generalized knowledge that you can apply in a variety of situations. You may also be asked to completed tasks to reinforce the learning.
• **Development Gate:** This type of section requires you to implement a piece of infrastructure to support your business management system. It can be something as simple as creating a prototype of a 5S supply station or as complicated as creating a policy deployment matrix. A common failing of Lean implementation is that companies try to apply principles and use tools without the supporting structure in place. Development gates are designed to prevent this problem.

• **Waypoint:** This type of step is intended to have you take a brief pause to look at what you learned, how you should be applying it, how things should be going, and what to expect in the near future. In short, it is an introspective look at your progress.

• **LTS Module:** Our Lean Training System complements our practical lessons. We have integrated the modules of this system into the flow of our practical guide.

• **CIC Entries:** The wealth of information available on our website is combined with this practical guide. You'll find a variety of materials that fall under this category. These include forms & tools, terms, articles, blog posts, polls, FAQs, strategies, podcasts, and more.

Note that some topics are a bit too big to cover in a single section. In these cases, we may break the information into a series of sections. For example, you may see a PDCA overview, and then "Plan", "Do", "Check", and "Act", each with a section of its own. This helps keep a steady, manageable flow of information.

Because this program is continuously evolving, the sections are designed to be self-contained. This allows us to add new sections as required and allows you to shuffle their sequence to meet your specific needs. The sections do not contain any numbers. You can find our recommended sequence in the tables on the volume pages. You can also advance forward and back through the navigation links on the section pages.

"Phase" vs "Volume"

We use the terms "Phase" and "Volume" rather interchangeably in terms of the content and activities in each. "Volume" is typically used when referencing the training material, and "Phase" is used when talking about progress through a continuous improvement journey.

Because of this terminology overlap, you will see topics within phases referred to as "Sections," which consist of a variety of formats as mentioned earlier.
Program Costs

The cost of this program depends heavily on your team's capabilities and on your level of commitment. The truth is that purchasing the materials we offer is likely to be the least expensive part of your transformation. Your largest investment will be in the time you'll have to spend to learn and implement the concepts we teach.

The actual cost of our program, however, has three tiers to it.

- **Guests:** We offer a wide range of materials on our website. If you have a serious budget constraint, this provides you a good opportunity to create some financial flexibility.

- **Members/Subscribers:** For those of you that want to connect with us and open an ongoing dialogue, we offer even more great free content. This comes in return for permission to contact you on occasion about our new content and other updates.

- **Premium Content:** For those of you who are serious about improvement, though, we offer a line of premium content. This includes multimedia, training materials, and detailed instructions for the sections. Our premium content can be purchased for individual use or with corporate licenses that allow you to use it throughout your organization (some restrictions apply).

When purchasing our materials, you have several options. You can buy our training modules materials independent of the step-by-step guide. You can also buy materials by section or in bundles by volume. In addition, you can also choose individual study packs if you are learning on your own, or corporate licenses for the materials if you are guiding your organization.

Program Materials and Content

Within each section, you will find a range of information. Some sections will be fairly small and might just contain a PDF. Others may be more extensive. Most sections will have a guest section on our website so you can get the gist of what it covers.

More complex sections may contain a selection of the following items. You may also find additional types of materials as we improve our lessons.

Multimedia

In order to make the program more usable, many of the materials are available in audio format.

- **Audio Programs:** Audio programs are intended to let you learn in a way that best suits you. Audio programs are especially suited as 'drive-time audio.'

- **Terms:** We have an extensive continuous improvement resource known as *The Continuous Improvement Companion*. The terms included in it are great
supplementary materials for the sections of our practical guide. To make it easy for you and the teams you will be training, we also offer many of the terms on MP3s.

- **Articles:** This practical guide is closely integrated with our *Gotta Go Lean* blog. Many of those blog articles are also available in audio format.

- **Podcasts:** The lessons from our podcasts fit together nicely with the sections in our practical guide.

- **Videos:** We offer a variety of videos to support our training. Some come from DVDs in our Lean Training System. Others are recorded webinars. Some are video shorts done elsewhere on our site. And some are created especially for our practical guide.

### Polls

Because two brains are better than one and 200 brains are better than two, we want your input and feedback. In addition, it can be extremely helpful to learn how other people in the same boat that you are in are faring. You’ll find numerous polls throughout the sections of this guide.

### Comments

The feedback we receive in the comments section help us improve existing sections and avoid mistakes in new ones. It also helps you learn from your counterparts at different organizations. And of course, it lets you open a discussion about a problem you may be experiencing that somebody can help you with. By sharing your experiences, everyone benefits. Simply visit [www.velaction.com/createmyaccount.com](http://www.velaction.com/createmyaccount.com) to get an invite code.

### Activities

This guide is not a passive learning experience. You will be asked to do a variety of things along the way. You may be given a simple homework assignment to complete, or be walked through the practical application of a lesson. There may be hands-on exercises that you can use to reinforce lessons for trainees. And finally, especially in the development gates, you will be asked to do tasks to build your business management system.

### Online Resources

Prior to the development of this practical guide, Velaction posted a wide range of resources to its website. These resources, however, were posted in the manner similar to most websites. There is a general theme to the materials, but the actual content is not linked together. The topics from one day to the next had no continuity.

This practical guide provides us with an opportunity to add some structure to the thousand or so pages we have on our website. It also helps us greatly accelerate the completion of this project. While it is still a monumental task, thousands of hours invested in creating our current content will not go to waste.
This guide also gives us a blueprint as we continue to create more content. Those of you subscribed to our Gotta Go Lean blog or social media feeds should see a more clear progression from one topic to the next.

**Training Modules**

This practical guide is part of our redesigned Lean Training System. In fact, the reason it exists is because of the feedback of our customers who have purchased our training modules. One of the most common questions we receive is about the order in which the modules should be taught. The practical guide is our attempt to answer that question.

**Licensing**

The training modules of our Lean Training System and this step-by-step guide come in two basic flavors of licenses. Individual licenses allow you to keep a single copy of the materials on a single computer for a use by a single person. Corporate licenses allow you to share the information on your network within your own organization. The license is for a single reporting unit, usually identifiable by having its own president. Corporate licenses are limited to organizations of 20,000 people or fewer. Extended licenses for larger organizations are available upon request. (Email us at Info@Velaction.com for more information.)

**Support Options**

Modern technology has changed the nature and value of hiring consultants. Literally hundreds and even thousands of websites giving you the information you need are just a few clicks of the search engine away. Social media and a variety of forums give you access to near instantaneous help from around the world. And to top it off, with the easy access to corporate research on the Internet, it is much easier to find out what your competition is doing.

Combine that with the fact that the coming-of-age of Lean and other continuous improvement methodologies means that there is a wealth of talent available in the job market at any given time, and it is no surprise that more companies than ever try to navigate their Lean journey on their own.

In fact, this need is one of the reasons why what our practical guide will do has been requested over and over again.

But even with the best of materials, there will still be times when you need a hand. In addition to providing you with materials, we can help in several other ways.

- **Consulting:** Even with the changing nature of Lean talent, there is still a need to bring in expertise from time to time to help get something accomplished. Whether you need someone to come in and guide your kaizen events, help you develop a strategy, or simply overcome a troublesome obstacle that is
keeping you from progressing as fast as you'd like, we can help.
Consulting can be done in person or remotely. Changing technology has made it easier than ever to get help from anywhere in the world. Our remote consulting lets you ask quick questions about projects whenever the need arises.

- **Coaching and Mentoring**: Our consulting is focused on helping you resolve a specific problem. Sometimes, though, the help you need is more general. Perhaps you want to work on your problem solving skills. Maybe you'd like someone to help you get better at prioritizing problems. Or maybe you want to improve your ability to lead in a Lean organization. We can provide guidance to you.

- **Training**: While we advocate companies making every effort to train their teams themselves, we recognize that sometimes this is not practical. The most common reasons are that your team doesn’t yet have the skills you want to teach, or they just don’t have the bandwidth to prepare for and teach a class. Regardless of the reason, when you need help developing skills in your team, we can do onsite training or **teach remotely** in a private webinar.
PHASE 2: COMMITTING

There comes a point in every company's existence that it questions how it does business. There are a variety of reasons for this. It could be as simple as an individual pushing for change. Maybe she has experience in an alternative method from another company or learns about something new and sees an opportunity.

It could be something more pressing that spurs change. Perhaps the company is battling an upstart competitor that is rapidly gaining market share or sees the writing on the wall related to the obsolescence of a key product line. It might even be a run-of-the-mill, good old financial crisis.

Regardless of the reason, though, the company faces a decision, and the decision is never an easy one. They have to sift through countless options and weight the costs, benefits, and risk of each one. And in the end, many companies simply choose the status quo even though they recognize that it is not sustainable in the long term. Changing can simply be too hard to commit to.

If the company does decide a change is necessary, though, the commitment phase is far more than just announcing a change. The leadership team has to thoroughly investigate what a continuous improvement culture is and what kind of structure they need to create to support it. A strong business management system is critical to continuous improvement success, but it is not easy to develop and it cannot be created overnight.

The leadership team also needs to prepare for the change. That means updating the budget. It means figuring out staffing. It means deciding on the source of training materials. It means making the decision about how to manage change. They could bring in help (i.e. a consultant), manage the change themselves, or they might even hire somebody with continuous improvement experience.

There are schedules to make and announcements to craft. In short, there is a lot of work that goes into the process of committing to a major change.

Purpose

The purpose of this phase is, to be quite candid, to weed out the people that are unlikely to be successful down the road. If the leadership team can navigate through the sections of this volume and are not deterred, the chance of them sticking with their transformation later is much higher.
They will start the journey with better information and a greater understanding of the costs they will incur along the way.

The secondary purpose is to give those companies that have already started their Lean journey a way to check their foundation. Even if you feel like you’ve made some progress on your own, this practical guide can be used to confirm and strengthen your commitment. Go through the steps that make sense but skip the ones that don’t. If you have been making progress for a year or two, it’s unlikely that you need to cover the Lean overview or worry about how to announce changes to your team. But you can still benefit greatly from many of the sections.

**Boundaries**

The committing phase begins with the first rumblings that the company is going to start a continuous improvement program and ends with the communication of the decision to begin a Lean journey.

**Timeline**

The committing phase has the most variation of any part of the continuous improvement transformation process. That is because some companies take years to decide to take on the challenge of creating a business management system. The progression from when the company’s leaders first contemplate using Lean to actually deciding to do so can proceed at a glacial pace. The reasons are varied. There may be infighting. A key leader may leave the company, taking momentum with her. The boss may see the need for change, but may be risk averse and scared to take a leap. Worse yet, some get mired down in deciding what to do, but never actually take action.

On the other hand, there are those that instantly 'get it', and make the leap without hesitation. Even in these cases, it might still take a few months to work through all the sections and get the core leadership team on the same page.

So the bottom line is that in the best of cases the committing phase will take about two months. In the worst case the decision could drag out for a year. Generally, if a year passes and you are still talking about making a change, inertia has won. The leadership team is unlikely to be successful at the much more challenging phases if it takes them longer than a year to commit to creating a business management system.

**Key Principles**

- **Build Relationships**: A successful business management system has many moving parts. Those parts—the different groups of people with their own needs and personal objectives—have to work together effectively or the system will fail. While the impact of these relationships is most profound in later phases, the groundwork for
these relationships has to be laid early.

- **Develop Trust:** A large component of relationship building is trust. Trust goes far beyond just relationships. And it goes both ways. Leaders have to believe that their teams are competent to handle the challenges of a continuous improvement culture. And perhaps more importantly, teams have to believe in their leaders. They can’t worry about whether the boss is looking out for them or just using them as tools to make a profit.

- **Develop Leaders Internally:** Without strong leaders, there is little hope to build a successful business management system. They have to be able to overcome resistance to change and get people operating outside of their comfort zone. They have to be willing to establish stretch goals that have a high risk of failure. They have to be able to stand up for what is right even when it’s not popular or not easy. One of the challenges is that this leadership is not generally readily available in the job market. The company has to cultivate it on its own. Fortunately, a strong business management system built upon a continuous improvement culture makes a fertile field. There are plenty of opportunities to mentor leaders in this environment.

- **Show Respect for People:** One of the reasons that Lean has a bad reputation with many people is that this principle is frequently violated. In fact, this is one of the reasons that there is an ongoing battle between workers and businesses. When people are treated as commodities or means to an end, it is no surprise that they don’t feel valued. The truth, though, is that there are two good reasons to show respect for people within your company. The first is that it is simply the right thing to do. Work, though valuable and often fulfilling, is a means to an end. Saying things like, "its just business" is plain wrong. Business doesn't give you a justification for casting aside your morals. The second reason is that respecting people is profitable. Engaged, satisfied employees do better at their jobs and go above and beyond what is expected of them. That’s good for business. One final thought: respect goes both ways. It is often looked at as managers respecting employees. When workers are disrespectful to their bosses is more than just insubordinate. Bosses are people too. Treating them poorly is just as morally bankrupt as when a manager disrespects his team.
• **Think Long Term**: The modern stock market has helped businesses grow through the ready access to investors. Unfortunately, becoming a publicly traded company is something of a double edged sword. Once a company shows up in the stock market, the pressure to provide ever increasing quarterly returns is relentless. But becoming a strong Lean company takes time. This disconnect can make for hard choices by leaders. For example, there can be pressure to lay people off in slow periods, but those people, in a Lean company, have had countless hours of management coaching invested in them. Leaders have to recognize that chasing short term profits is exceptionally costly in the long run.

• **Embrace Facts and Data**: In traditional organizations, decisions are frequently made by gut feel. Leaders rely on their experience to make educated guesses about what to do. Sometimes they get it right. But they also get it wrong at times. Focusing on facts and data reduces the frequency of the latter. It also helps leaders build consensus. It creates clarity and agreement about an issue, and then helps create alignment when a solution is selected. It is easier to get buy in when there is supporting, numerical information to back up a decision. It is easier to communicate how and why a decision was reached when there is data that supports it. Facts and data also change the culture of a company. This sort of information forces rigor into one's problem solving. That focus on using a process to get to the root cause and then a solution conserves an organization's resources and speeds its improvement.

**Risk**

**Extreme.**

It is extremely easy to get derailed during the committing process. For the most part during this phase, executives have little vested in creating a business management system. There is little emotional attachment to the program. That means if they change their mind or fail to commit there is very little cost to write off.

The decision-makers may also be deterred by the knowledge they gain. As they learn more about what will be expected of them and of their employees under a robust business management system, they may be discouraged. The truth is, this is somewhat by design. We want companies to have a full understanding of the degree of work that will be required to make this fundamental change in how they manage the company. We would much rather someone chooses not to even attempt this change than to begin it halfheartedly with an elevated chance of failure.
That does not mean we don't want companies to use individual tools if they choose not to create a full business system. There are still many great tools that can be used effectively, even without a formal management structure in place.

The risk we are talking about here is when a company dabbles in a business system, or when they say they are creating one, but don't follow through on promises. That will do more harm than good.

**Core Team**

**Senior Leaders**

*Major Activities*

- Commit to creating a continuous improvement culture.
- Study what the development of a business management system requires.
- Assess the organization.
- Identify mentors, if needed.
- Educate and rally support of middle management.
- “Sell” the need to change to team.
- Commit resources to journey.
- Clarify the organization's direction with key documents (strategy, values, etc.)

*Key Prerequisites*

- Mission statement
- Core values
- Strategy

*Key Deliverables*

- Pre-Lean Assessment
- Announcement to team

**Managers**

*Major Activities*

- Prepare to manage change in frontline teams.
- Study managers' role in the development of a business management system. (i.e. pre-learning)
- Discuss concerns with team members about coming changes.

**Frontline Leaders**

*Major Activities*

- Listen for issues with frontline teams.
- Begin studying continuous improvement principles and tools.

**Frontline Teams**

*Major Activities*

- Communicate concerns with leaders.
Infrastructure

Resource Team
The resource team will be selected later. At this point, senior leaders and managers should identify potential candidates.

Resource Area
- Select a project area.
- Identify suppliers for project area. Create a list of required materials.
- Budget for resource area.

Knowledge Management
- Select / develop training materials.

Forms & Tools
- CI Contract

Mentorship

Internal Expertise
- Hire/identify employees with continuous improvement expertise (or potential).
- Introduce the program leader to the leadership team.

The ultimate goal is to create a strong cadre of individuals with continuous improvement expertise to lead the organization. In mature Lean companies, there is often a migration back and forth between leadership and continuous improvement roles. In fact, some companies use continuous improvement positions as a development opportunity for future managers.

At this point though, it is unlikely that your company will have a high level of experience with continuous improvement. It is entirely possible though, that you have a handful of individuals who have worked in other Lean companies and bring talent to the table. It is important to identify those individuals as well as others with the right characteristics to develop in the future.

External Coaching
Experienced coaches can make a fairly accurate assessment about whether the company is ready to commit, and what is holding it back. There are some warning signs that companies display when they are not fully ready to change. A good coach can help break down those barriers and prevent wasting resources when there is a reduced chance of success.

- Decide on level of external support required.
- Identify coach.

Support Team

Human Resources

Major Activities
- Coach leaders on change management.
- Support hiring internal expertise.
• Manage personnel issues.
• Support communication plan.
• Do personnel review for special situation / potential problems.

**Information Technology**

The information technology department is not heavily involved in the commitment phase, but they may have a fairly long lead time when it comes to creating systems or hiring talent. One of the requirements of Lean efforts is that changes should happen very quickly. Many IT departments are fairly slow and have a long list of backlogged projects.

Senior IT leaders should look over this program and think through how they will need to change their capability and capacity. That is not to say you should go out and start hiring people in adding equipment at this point. What it means, most likely, is that IT leaders will need to adjust their plan.

Some potential information technology needs of a business management system are:

• Macros and other program automation to improve administrative processes
• Customization of ERP style systems
• Internal website development.
• Networked andon systems and other production control tools.
• Mobile device app development.
• Programming for automated *poka yoke* devices.

The point is not to be all-inclusive with this list. It is more of a warning order to allow senior IT managers to alter their hiring plan to bring in talent with a wider range of expertise. Planning ahead now can save costs later.

**Facilities**

The facilities team will take on a much greater role in supporting production when the company focuses on continuous improvement. They will do more movement of machinery and equipment. They will build more customized benches and shelving. And they will be asked to do more things with a shorter lead time.

During the commitment phase, there is not a lot of need to make changes. What is important, however, is that any schedule changes take into account future needs. And any hiring decisions should keep in mind the additional role the facilities team will play in continuous improvement efforts.

**Tooling**

The tooling department will face an increased load when a team is focused on continuous improvement. Requests for *poka yoke* devices, right-sized machines, and a wide array of improved tools and fixtures will cause a dramatic spike in their demand. This will taper off somewhat in the
later phases, but will still remain significantly higher than before the continuous improvement culture was developed.

Tooling teams will need to look closely at both their capability and capacity to determine how well they will be able to support the rising demand.
PHASE 3: STARTING THE JOURNEY

Once a leadership team commits the organization to developing a business management system that drives continuous improvement, it is time to take action. Many people rush into trying to apply the tools. The problem with this is that the tools require a core set of skills that many employees do not have.

"Starting the Journey", Phase 3 of a continuous improvement transformation, guides you through developing the various skills a team will need to successfully change the way they operate. This includes problem-solving, computer skills, a variety of both leadership and followership topics, using metrics, and even some basic math. Policy deployment is also a major part of this phase.

While there is a lot of learning and work that goes into this phase, you will exit it with a fairly similar outward appearance to how you went into it. There will, however, be two significant although intangible differences. The first is that there will be changes within your team. They will be more prepared to take on the challenges they will face in the next phase. The second is that policy deployment will create a more focused leadership team.

Purpose

The purpose of this phase is to (1) give team members a core set of skills that can be tapped into as the business management system is developed, and (2) introduce the leadership team to policy deployment.

Boundaries

Phase 3 starts with the formal announcement of the plan to create a business management system. The boundary between this phase and Phase 4, "Building the Foundation", however, is less defined. Training the entire team on all of the topics within this phase is a considerable challenge. The key point is to make sure that there is a foothold of knowledge for each of the sections before moving on. The program leader will have to determine how big a foothold the company needs to move forward.

Basically what this means is that when program leader sees a critical mass of these core skills, it is okay to start working on the sections of Phase 4. It is important however to make sure that the leadership team has gone through a full cycle of policy deployment before getting too far into foundation building. Policy deployment helps managers put the tools and systems
into context and will help give them clarity as various decision points present themselves.

**Timeline**

With a good steady effort, a company should be able to navigate through this phase in about 3-6 months. Again, this does not mean every single person in the organization will be trained on all the sections. What it means is that the company will have the necessary talent available to it as it starts actually implementing things in Phase 4.

**Key Principles**

- **Look Within:** There is a general tendency of people to focus externally first when assessing problems. For example, they might start assessing a problem with sales by focusing on competitors or economic conditions. The problem with that is that they are looking at the things outside of their control first. It is important to look at yourself first. This look should not just be a cursory glance. It should be a true, unbiased assessment of where you are and where you need to be. There are two main reasons for this. The first is that you have far more control over yourself than you do over external factors. That control means opportunity. The second reason is that you will always be able to find an external reason for a problem. It is easy to get distracted focusing on others and never turn the spotlight on yourself. The truth is, looking within is extremely uncomfortable, but very productive.

- **Align the Team:** Very few people come to work with the intention of doing a bad job or doing the wrong thing. People want to be personally successful, and they want to be on a winning team. Unfortunately, many people operate in a vacuum of leadership. They have little idea how what they do on a daily basis affects the big picture of the company. The principles on this list go a long way towards getting people operating on the same page. Other leadership and communication tools such as policy deployment, daily management, and A3 reports also help turn this principle into reality.

- **Avoid Bureaucracy:** When a company doesn't operate under a strong set of principles or with clear leadership, it needs rules and policies to guide behaviors. In most cases, this is not the most effective way to get things done. In fact, it often creates a tremendous amount of waste that hinders progress. The more people understand the guiding principles of the company and its leaders' intent, the better they will
be able to function when they encounter a situation is not spelled out in the rulebook. Creating a strong structure reduces the need for bureaucratic leadership.

- **Invest Wisely**: Continuous improvement requires investment. Think of it like a rental property. There is an upfront cost to buying it and ongoing maintenance costs. But as the mortgage is paid off, more and more of the rental revenue becomes profit. If you think of the development of this business management system as a similar investment, you will also have to pay some up-front costs to get bigger future returns. The point of this principle is to make sure that investments align with your business management system. That means investing in people. It also means letting the systems you create drive your investments, not the other way around.

- **Know Your Customers and What They Value.** The work you do only matters if it is something that is valued by the customer. Granted, there are many non-value added tasks that support giving the customer what they want, but it is important to recognize that those activities are secondary to the things that customers are willing to pay for. Some companies often get exceptionally good at doing the wrong thing. The obvious prerequisite to providing value is that you have to know your customers. Before you proceed too far on your journey, it is important to know exactly what your customers value. Remember, at its heart, Lean is about providing value efficiently, not just reducing waste. That implies that you have a deep understanding of what your customers actually want. Far too often, processes hinge on misconceptions about customer needs. If you can't zero in on what your customers will actually pay for, and provide that value at a low cost to you (regardless of what you charge), you put yourself at a disadvantage in your market. The key here is to create a process to discover and monitor what your customers really want. No assumptions. No relying on history.

**Risk**

**Moderate.**

A large part of the actual change during this phase lies with the leadership team. Since they have already gone through some of the challenges of the committing phase, the risk for them drops.

Frontline teams, however, get their first real taste of what's to come. While the majority of what they will be doing is not very controversial, it is still a change, and
most people have trouble adjusting to new ways of doing things. The management team is also unlikely to have much experience in dealing with this sort of widespread change. For that reason, there is still a moderate risk.

The failure mode of this phase is primarily about time. Even though each of these phases can take a significant time, the goal is to move through them rapidly. The more time you spend dealing with problems, the slower your progress will be.

**Core Team**

**Senior Leaders**

**Major Activities**

- Begin using policy deployment.
- Identify key business metrics.
- Select pilot areas to develop new improvement processes.

**Key Prerequisites**

- **CI Contract:** Each senior leader should sign a continuous improvement contract and get their direct subordinates to sign one also. While this, of course, is not binding, there is power in going through the process of signing the document. It highlights an individual's responsibility to their team.
- **Revised job description:** Each senior leader should rewrite their job description prior to finishing Phase 3.

- **Mentor identified:** The road ahead is arduous. It will be extremely difficult to navigate without a guide. Even senior leaders should find somebody that can help them chart the course. If you don't have a single individual that can guide you, attempt to find a composite of several people that can fill in your capability gaps.

**Key Training**

- **Lean Management Overview**
- **Policy Deployment**
- **Managing with Metrics**

**Managers**

**Major Activities**

- Manage new metrics.
- Develop KPI boards.

**Key Training**

- Manager rollout training
- **Managing with Metrics**

**Frontline Leaders**

**Major Activities**

- Manage new metrics.
- Develop KPI boards.

**Key Training**
Manager rollout training

Managing with Metrics

Frontline Teams

Major Activities

- Begin 5S efforts.
- Report data for KPIs.
- Monitor process metrics.

Key Training

- 5S & Visual Management
- Working with Metrics

Frontline Professionals

Major Activities

- Become subject matter experts in problem-solving tools.
- Focus on personal learning / OJT tool training.

Key Training

- Basic Problem Solving
- Cause & Effect Diagram
- Data Collection
- Flow Charts
- Pareto Charts
- Root Cause Analysis & The 5 Whys
- Run Charts

Infrastructure

Resource Team

- Create training plan for potential resource team members.

Resource Area

- Create project area.
- Stock project area with appropriate resources.
- Create mobile 5S work stations.

Knowledge Management

- Establish knowledge management system.
- Create continuous improvement library.
- Develop forms warehouse.

Forms & Tools

- 5 Whys Form (+ Video +Form)
- KPI Bowler
- Policy Deployment Action Plan
- Policy Deployment Bowler
- Policy Deployment Matrix / X-Matrix (+Form +Video)

Mentorship

Internal Expertise

Major Activities
• Establish Continuous Improvement Promotion Office.

**External Expertise**

*Major Activities*

• Complete a Lean Assessment. An outside set of eyes is often more unbiased than an internal observer. They also are immune from office politics and aren't affected by personal relationships.

• Develop CI roadmap.

• Coach and train as needed.

**Support Team**

**Human Resources**

*Major Activities*

• Revise job descriptions.

• Revise hiring process to support CI.

• Support voluntary and involuntary terminations.

**Information Technology**

*Major Activities*

• Develop service agreement regarding continuous improvement.
Facilities

Major Activities

- Develop standards and process for work benches and shelving.
- Stock required materials for first round of kaizen activity (keep inventory low, but make sure needed materials are available).

Tooling

- Purchase required equipment to add any missing capabilities.
- Stock required materials for first round of kaizen activity (keep inventory low, but make sure needed materials are available).
- Create hiring plan that addresses missing capabilities.
In this phase you will build the foundation of your business management system. The focus here is creating the structure upon which you can apply the variety of tools that support Lean operations. The team will emphasize creating flow and eliminating waste. It will also become extremely accustomed to using Standard Work and other forms of standardization to stabilize processes. Finally, you will roll out kaizen events during this phase.

While our approach is linear, we do recognize that there is somewhat of a catch-22 situation here. Kaizen events and Standard Work are not as effective without a range of tools to use to improve processes. But the tools are much harder to implement and sustain without kaizen events and Standard Work. We chose this order because we have found that the gains from starting on the structure first are higher than trying to implement tools independently. We've also found that a good mentor can teach some of the tools on a just-in-time basis when the situation warrants. Don't feel like you can't coach a team to mistake proof a process because poka yokes are not introduced until the next phase.

Leaders also see a significant change during this phase. The most notable is that they will start using daily management to run their operations and monthly operations reviews to keep things on track.

Another significant part of this phase is the establishment of a pilot area. This is simply a production area with a highly motivated team that is willing to be the test bed for new systems.

**Purpose**

The purpose of this phase is to create the core framework upon which to apply other continuous improvement tools.

**Boundaries**

As mentioned in the previous volume, the starting point of this phase is somewhat flexible. The program leader will decide when the core skills from Phase 3 (Starting the Journey) are widespread enough to support the changes in Phase 4. The first activity in Phase 4 though, should be the creation of a resource team.

Do not proceed to Phase 5 until you have completed a few cycles of monthly operations reviews. During this period of time you should be able to complete the final sections of Phase 4.
**Timeline**

Expect to spend at least 6-12 months in Phase 4. This will give you the time to run a handful of *kaizen* events, create Standard Work for many processes, and complete a few cycles of operations reviews.

Like most of these phases, the time it will take is dependent upon the motivation of your team, the number of mentors available to coach people through the sections, and the size and organization of your company.

The time will also be affected by how much overlap there is between what you currently do and what this business management system calls for. If you are already doing effective monthly staff meetings, for example, you may just be tweaking the process for operations reviews. If you already have solid documentation of your processes, and those processes are followed by employees, implementing Standard Work will take little effort.

**Key Principles**

- **Focus on Processes**: Everything a company does can be boiled down to a process. Even highly flexible, creative jobs are processes. When a process is followed the same way every time by every person doing it, it provides a basis for improvement. If the job is done haphazardly, things will never get better.

- **Learn to Learn**: Most people take a passive approach to learning. They just absorb lessons rather than try to dive into problems and take wisdom away from failure. To be successful at building a continuous improvement culture, you have to take a different approach to learning. An organization will not get better unless it learns from its collective mistakes. This implies both individual learning and organizational sharing of knowledge. To complicate the matter, people have three common failure modes in their learning. The first is that they don't recognize their gap in knowledge. Basically this means they don't know what they don't know. The second problem is that they don't acknowledge the gap. If they don't know something, they tolerate that lack of understanding. And the final problem is that they don't know how to go about closing the gaps they do recognize and care about. That just means they don't know how to learn effectively.

- **Build and Empower Teams**: One of the knocks against Lean and continuous improvement is that it treats people like robots. This is true only when it is poorly executed. Standard Work and other forms of standardization do require people to do work the same way every time. The problem is that many leaders force standardization but go no
further. In an organization with a good culture of improvement, teams are not only allowed but are encouraged and even required to improve their processes. In addition, great teams are given the skills and authority to make decisions in the absence of leadership.

- **Create Structure**: An effective business management system built upon a continuous improvement culture demands a great deal of structure. While conventional wisdom says rigidity in processes stifles creativity, the truth is that when the structure is well designed it does the opposite. The framework makes managing day-to-day operations easier. It also provides a robust support system for handling problems. The end result is that individuals are able to accomplish more with less effort. This kind of structure does not happen by accident though. It takes a substantial investment to build it, and it must be maintained to keep it from crumbling.

- **Embrace Simplicity**: Mark Twain famously said something to the effect of, "If I had more time I would've written a shorter story." There's a paradox that it can be harder to build a simple solution than a complicated one. That's because we have been conditioned to look to advanced technology as the go-to solution, and we marvel at the number of buttons on a machine as a badge of honor. The truth is that simple is hard. It can be a challenge to rein in our urge to make bigger, more sophisticated solutions when a simple one will suffice. In the end, though, simplicity is easier to use mistake-free, and it breaks down less often than complexity. A rule of thumb is to look for the simplest solution you can find to a problem, then make it simpler.

**Risk**

High.

In this phase, the risk returns to a high level. This is because there are tangible changes that are taking place. Employees are asked to alter the way they do their jobs. And managers are being asked to lead in a different manner. Without a strong commitment by top level leadership, it is easy to get off track.

The biggest risk is lack of initiative. There will undoubtedly be problems as you try to implement so many new things in such a short period of time. If the team is approaching the change halfheartedly everything gets dragged out and might even be forgotten. If this happens too often, the program can wither on the vine.
Core Team

Senior Leaders

Major Activities
- Conduct monthly PD/OPs Reviews.
- Require countermeasures for “misses”.
- Require daily management in all production areas.
- Require Value Stream Maps for all production areas.

Key Prerequisites
- KPI Boards posted

Key Training
- Operations Review Training
- Countermeasures
- Daily Management
- Value Stream Mapping

Managers

Major Activities
- Develop CI processes.
- Do countermeasures.
- Oversee daily management.
- Create Value Stream Maps.

Key Training
- Manager rollout training

Key Training
- Daily Management
- Countermeasures
- Standardization
- Standard Work
- Value Stream Mapping

Frontline Leaders

Major Activities
- Develop CI processes.
- Do countermeasures.
- Oversee daily management.
- Create Value Stream Maps.

Key Training
- Daily Management
- Countermeasures
- Standardization
- Standard Work
- Value Stream Mapping

Frontline Teams

Major Activities
- Participate in pilot area improvement.
- Help implement Standard Work in their own areas.

Key Training
- Kaizen Process Overview
• Project participants receive training as needed.

**Frontline Professionals**

**Major Activities**

• Partner with production areas to provide project support.
• Teach problem solving skills, as needed.
• Focus on personal learning / OJT tool training.
• Support / test CI tool rollout.

**Infrastructure**

**Resource Team**

• Establish resource team for project support and backfill.

**Resource Area**

• Create red tag process and area.

**Knowledge Management**

• Identify benchmarking partners.
• Establish mutual tour program.
• Make professional membership plan (continuous improvement organizations).

**Forms & Tools**

• [Waste Recording Form (+Video +Form)]
• [Standard Work Combination Sheet / SWCS (+Form +Video)]
• [Standard Work Sheet (+Form +Video)]
• [Time Observation Sheet (+Form +Video)]
• [Takt Time Calculator]
• [Noise to Constant Sheet]
• [Decision Matrix Template (+Video +Tool)]
• [Kaizen Audit Form]
• [Kaizen Charter Form]
• [Kaizen Checklist]
• [Kaizen Newspaper Form]
• [Office Process Capacity Sheet]
• [Office Process Questionnaire]
• [Office Process Recording Sheet]
• [Office Process Summary Sheet]
• [Interuption Log]
• [Daily Management Worksheet]
• [Countermeasure Sheet]
Mentorship

Internal Expertise

Major Activities

- Formalize CI processes.
- Oversee pilot area development.

Key Training

- Kaizen Process Overview
- Kaizen Planning and Chartering
- Kaizen Process Walk
- Kaizen Data Analysis
- Making Kaizen Improvements
- Sustaining Kaizen Gains

External Expertise

Major Activities

- Provide kaizen facilitation.
- Support company strategy development.
- Support CI process development.

More Support Options

- Boot camps (Daily Management, Countermeasures).

Information Technology

- Develop and communicate CI support processes.

Facilities

- Develop and communicate CI support processes.

Tooling

- Develop and communicate CI support processes.

Support Team

Human Resources

Major Activities
PHASE 5: RAMPING UP

Once a solid foundation is laid, the organization can really start to accelerate its progress. Not only will teams get better at the things they are already doing, but the structure they built will make it easier to continue to add increasingly sophisticated tools.

Another characteristic of this phase is that it emphasizes greater involvement by all employees. In the earlier phases, much of the effort is focused on the leadership team. There is also a challenge in that a great deal the work is in developing new systems and operating in pilot areas. As a result, there are fewer opportunities to get the entire team involved in more than training. Of course, you will likely have seen a fair number of team members trying to put their new knowledge to use in daily improvement, but with a lack of experienced mentors, their involvement in continuous improvement was likely far from immersive.

That changes in the ramping up phase. Even though there is still a lot left to learn, the pace of improvement should increase significantly in Phase 5. There is a growing list of things to do. There is an increasing number of areas that will be participating in the continuous improvement effort. There will be more leaders taking on the challenges that come from both policy deployment goals and daily management.

Most importantly, though, team members will learn to be dissatisfied with wasteful, poor processes. As a result, your company should see a subtle shift during this phase from leaders dictating what to do to team members pointing out problems, and either asking for help or taking the initiative to address the issues on their own.

This is the phase where a continuous improvement culture begins to take root. Up until now, the focus has been on learning and to some degree, convincing. In the earlier phases, the leadership team likely did a lot of "selling" of the new program. By this time, most people in the organization should have seen firsthand the benefits that Lean offers to both the company and the employees. And when people start to recognize the effectiveness of what the leadership team is trying to accomplish, they will be much more likely to commit to the business management system and become a fully engaged workforce.
**Purpose**

The purpose of the ramping up phase is to spread continuous improvement efforts throughout the company. There will still be new concepts introduced, but that is secondary to getting the entire workforce involved in the business management system. The key is repetition and consistency.

**Boundaries**

Phase 5 starts once the organization is doing operations reviews on a regular basis. There may be some overlap as you complete the Phase 4 training and start to implement some of the early sections of Phase 5. The important thing though, is not to dive into Phase 5 development gates until you’re successfully reviewing your operations on a monthly basis.

The transition from Phase 5 to Phase 6, Keeping Momentum, is even less defined. There is just a subtle shift in the level of complexity between the two phases, and in the basic feel of what you will be rolling out. In phase 5, things will still feel new, and they will still feel like changes. In Phase 6, even though the concepts may be unfamiliar, they will feel more comfortable. That’s because most people will have become accustomed to their processes changing while the ramp up was going on.

The truth is, continuous improvement and the business management system are also processes. There is little difference, functionally speaking, from the way you would go about changing a production process and a process that supports your continuous improvement efforts.

**Timeline**

**2-5 Years**

The biggest factor that affects the time it takes to progress through the ramping up phase is leadership. If leaders are focused on building a strong business management system and are committed to overcoming the obstacles that they encounter, the time will be closer to the two-year number. On the other hand, if there is more checking the blocks and going through the motions of change, it will take significantly longer to cross that threshold where continuous improvement becomes a part of the culture.

**Key Principles**

- **Structure Your Thinking:** Most people base the way they think on fight or flight. In the early days of cavemen, people had only those two basic reactions to a problem. How they chose to respond to an event was based primarily on its similarity to something they had seen before. In their situation, it made sense to do this because many situations were a matter of life and death. In
the modern world, though, people are seldom strapped for time in the same manner. Yet they often use the same basic mechanics for coming up with a solution. They make quick assessments based on what they had seen before and choose from one of the first responses that come to mind. As your organization evolves on its continuous improvement path, those quick responses are no longer good enough. The bar will have been raised so high that most simple problems will have been eliminated. The problems your organization faces will be more significant and more complicated. Teams will need a structured process to solve them. That will require a substantial understanding of the problem, complete with a clear problem definition and significant data collection. The PDCA cycle, DMAIC, and 8D are all structured ways of thinking. In addition to helping teams come up with better solutions, these processes make it easier to communicate what was done.

- **Focus on Flow:** Flow is a central concept in Lean operations. It is basically the premise that work should never sit. With this as a target, several things happen. The first is that lot sizes are reduced. Work doesn't flow if it has to wait for a production run to be completed. Flow also drives waste reduction. The things that prevent flow all tend to be wasteful and costly. Excessive distances between processes, waiting time, poor parts quality, and the like are all reasons why batching is commonplace. The only way to achieve flow is to relentlessly remove that waste. In addition to the obvious cost benefits, operations that flow move much more quickly. The lead time from when a customer orders a product until they have it in their hands is much shorter in a production process that focuses on flow.

- **Create Standards:** Taiichi Ohno, the father of modern Lean is credited with saying something to the effect of "without standards there can be no improvement." While the translation may not be exact, the gist of it is what is important. The first problem is that if there is no standard, it is impossible to recognize when an abnormal condition presents itself. The second issue is that if you do recognize that something is wrong, how do you make a change to something that is always changing? Standards provide the foundation so you are not chasing a moving target when making improvements.
- **Manage Your Value Stream:** One of the barriers to both creating flow and providing value is that companies are not organized to do either effectively. They tend to have their management system set up in functional silos. To deliver something to the customer it must cross several managerial boundaries. Each manager has his or her own budget and agenda. Instead, companies should map their value streams so they can better understand how to get products to customers in the best way. They should also organize their management system by value stream so leaders can think globally instead of functionally.

- **Improving Your Job is Part of Your Job:** Most people go to work to do their job. When a company becomes focused on continuous improvement, that is no longer enough. The true turning point of a company on its Lean journey is when employees begin to take personal responsibility for making their own work better. Obviously this means that managers need to let go of the feeling that they are the ones that dictate how work is done.

  **Risk**

  High diminishing to moderate.

The high risk from the foundation building phase slowly diminishes as the company ramps up and the continuous improvement culture becomes ingrained in its DNA. Risk also drops significantly due to employee turnover. One of the challenges a company faces comes from entrenched employees. This is higher in the earlier phases, but by the time a company is this far along in its Lean journey, hold outs for the old way of doing things see the writing on the wall. They recognize that things have changed and will never go back. They have to make a choice. They can either get on board or leave the company. Both of these things reduce the risk that comes from resistance. In addition, over time there is a natural turnover of employees. New hires come into the company knowing that it focuses on continuous improvement and that their jobs will be in a continuous state of flux. They will also not know about the old way of doing things, so not have any of that baggage to deal with.

**Core Team**

**Senior Leaders**

**Major Activities**

- Follow leader standard work / require it in subordinates.
- Require future state value stream maps.
- Lead steering team.

**Key Prerequisites**
• Production boards posted

**Key Training**

• "Steering committee" training

**Managers**

**Major Activities**

• Follow leader standard work.

• Standardize / document all processes.

**Key Training**

• Leader Standard Work

**Frontline Leaders**

**Major Activities**

• Create visual workplace.

**Key Training**

• 5S & Visual Management

**Frontline Teams**

**Major Activities**

• Operate with daily management.

• Participate in *kaizen* (projects and daily improvement).

• Do operator total productive maintenance.

**Key Training**

• *Kaizen* training as needed

• Total Productive Maintenance

**Frontline Professionals**

**Major Activities**

• Use Design for Manufacturability in product development.

**Key Training**

• Design for Manufacturability

**Infrastructure**

**Resource Team**

• Add tools/materials as needed.

**Resource Area**

• Grow size of resource team to support project needs.
Knowledge Management

- Establish improvement database.

Mentorship

Internal Expertise

Major Activities

- Identify cadre (future improvement team).
- Provide kaizen leadership.
- Refine CI processes.
- Manage steering team.
- Support pilot area development.

External Expertise

Major Activities

- Create self-reliance.
- Train cadre (future improvement team).
- Roll out advanced tools.

Support Team

Human Resources

- Manage "funnel" for continuous improvement expertise.
- Manage continuous improvement training records.
- Manage incentive programs for continuous improvement efforts.

Information Technology

- Increase staffing to handle project load.

Facilities

- Increase staffing to handle project load.

Tooling

- Increase staffing to handle project load.
PHASE 6: KEEPING MOMENTUM

Even though this endeavor you have been working on to build a continuous improvement culture is commonly called a "Lean journey", the name is not entirely accurate. A journey implies an end. It is more like an adventure or an exploration. Regardless of what you call it, though, if you are successful at it you will eventually uncover the great paradox of creating a business management system that drives a continuous improvement culture. By definition, you can never finish building a system for continuous improvement. Because it is so focused on making things better, the structure will not just uncover opportunities with your production and support processes. It will identify ways to improve itself.

That is the key characteristic of this phase. The journey becomes self-powered. While there are still lessons and development gates in this phase, there is a noticeable change in the feel of the system. There is no longer a net consumption of energy—it creates more than it uses. Going back to the analogy of the investment property from earlier, this phase is the equivalent of when the rent outpaces the costs of ownership. The rental unit becomes profitable. This phase is marked by a significant reduction in the effort it takes to roll out new ideas and a major increase in the system's payoff.

Once your company reaches this phase, the majority of your organizations will be operating under the business management system, and will have a full kaizen calendar. Employees will be able to transfer throughout the company and immediately understand how the new department is run. The fact that everyone is involved, though, does not mean that you can coast on your previous efforts. It is very important to keep up the momentum.

The bottom line is that this is not exactly a steady state phase, as the improvement line should still be steep. It is more of the saturation phase where everyone is involved in Lean, and the focus is on continually strengthening the culture.

Purpose

The purpose of this phase is to create the feel that a state of constant change is normal and manageable. In the previous phases, the changes were focused on changing not only the way people work, but also the way they think about work. For that matter, they were intended to change the way people think in general.

This phase is intended to protect that new reality so there is no backsliding.
**Boundaries**

As mentioned in the previous phase summary, there is not really a clear line of demarcation between Phases 5 and 6 like there was in earlier ones. It is a gradual shift in attitude. It is further complicated by the fact that everyone in the organization will not transition all at once. Some groups will still be ramping up while others are fully committed to their improvement efforts. As long as there is still forward progress, though, eventually you’ll find the company firmly in this phase.

Phase 6, for most companies, is as far as they will proceed. It takes a tremendous set of leaders, and fully committed, engaged workers to be recognizable as world-class. Think of a bell curve. Most companies will end up near the median. Only a rare few will find their way to the long tail.

Take heart, though. The bell curve is not a representation of the entire population of companies at large. Think of it like a subset of professional athletes. If you are an average player on the PGA (golfing) tour, you are far better than the average duffer. And even if you never succeed in becoming world-class, there is tremendous value in the pursuit of world-class performance. The more you move to the right of that curve, the greater the separation between the performance of your company and its competitors.

Once you have mastered the sections of this volume, feel free to begin working on those in the world-class phase. Phase 7 is unique in that respect. For the other phases, when you successfully complete the training and development gates, there is a natural progression into the subsequent volume of this program. With Phase 7, though, the boundary is much more performance based. It is dependent upon you fully integrating the lessons of this program and then going beyond what it offers.

**Timeline**

**Indefinite.**

For most companies that don't abandon their focus on continuous improvement, Phase 6, Keeping Momentum, will be their final destination. That doesn't mean the program is done when you start the phase, though. There are still a substantial number of sections in this volume that you will have to work through.

The character of this phase, however, is different. In the earlier phases, much of your continuous improvement effort was on learning new concepts and building the essential structure. In this phase, the structure you will need for improvement is, for the most part, complete. Your improvement activity will be, to a much greater extent, spent on actually improving processes. That extends the timeline on working through Phase 6 sections.

While the overall timeline for this phase is listed as 'indefinite', we don’t recommend dilly-dallying to get through the sections.
Plan on working through Phase 6 sections in 12-18 months.

**Key Principles**

- **Build in Quality:** There is a common misconception that inspections are an indicator of a good quality program. The truth is that inspections mean complacency. They require that you understand the failure modes and know what to look for. That means you have known problems that you are accepting. A better way is to go after each item you inspect for and find a way to keep the error from happening at the source.

- **Adopt a Zero Defects Mentality:** There is an old story about a company that sourced a component from a Lean oriented supplier in Japan, and insisted that the vendor met a 2% failure rate target. The Japanese company balked and resisted that rate, but the purchaser insisted. Finally the Lean company relented and agreed to the 2% target. When the first order of 100 components arrived, there were 98 in the box, and 2 separated with a note saying, "Here are the two bad components you wanted. We still don’t understand why you need them." The point of the story is that one company lived by a zero defects mentality and the other followed the traditional path of assuming that there would always be some failure rate. Now, in truth, no process is perfect. But the pursuit of perfection gets you a lot closer to zero defects than accepting that a portion of your work will always be shoddy.

- **Strengthen Your Systems:** The more you think in terms of systems, the more effective your company will be. Don't just focus on drawing up Standard Work. Look at the entire work management system. Knowing how you will train people, and even hire people, can drive the way you document and structure your work. Thinking in small chunks can make processes extremely efficient...locally. But sometimes local efficiencies hurt the big picture. And even once you start thinking in terms of systems, your work is not done. You have to continually improve those systems.

- **Build Full Engagement:** You may have gotten to Phase 6 on the backs of strong leaders and a handful of motivated individuals. But your company will not thrive once you arrive here unless you get everyone bought in. The 'full' in this principle actually has two meanings. The first is that you need everyone to be engaged. Every person who is resistant is like an obstacle that disrupts your culture. The 'full' also means the level of engagement of
each of those individuals. Being OK with the change is not enough. They need to embrace the culture and be able to act in the absence of specific guidance. This is a unique principle in that it is both the cause and the result of success. The more engaged a team is, the more likely the team is to be successful. The more successful a team is, the more likely they are to be engaged. Note that this reinforcement cycle also works in reverse.

- **Monitor Performance:** If you don’t track how things are going, getting better is harder than it should be. Can you improve if you don’t track things? Sometimes. The problem, though, is that problems are often subtle and sap resources without you even knowing it. Others are noticeable, but are hard to compare with each other for prioritization purposes. And still others are obviously problems, but are hard to pinpoint the exact nature and magnitude of the problem. There’s an old adage, "What gets measured, gets done." A strong business system relies heavily on measurement to drive the improvement process.

**Risk**

Low.

By the time your organization is in this phase, "Keeping Momentum", the implication is that you already have attained momentum. Organizational inertia is hard to overcome. At this point, it would take a while to undo all of the changes you have made. It is easier to keep going forward than it is to actively try to go back.

The risk really comes from entropy. There is a tendency, if a leadership vacuum develops, for little things to start slipping. If that continues, over time, the business management system will fail. But the risk of that happening is relatively low, as senior managers, by this time, should be embracing operations reviews and policy deployment. When they see an issue start to develop, they will want to see a plan on how to manage it. The system, by design, protects itself.

**Core Team**

**Senior Leaders**

**Major Activities**

- Mentor A3 thinkers.
- Create high-functioning teams.
- Move to value stream management.
- Develop leaders.

**Key Prerequisites**
• Work documentation process standardized
• Resistant managers converted / eliminated

Key Training
• A3 Thinking

Managers
Major Activities
• Develop flexible workforce.
• Use future state VSMs to develop improvement plans.

Frontline Leaders
Major Activities
• Cross-train teams.

Key Training
• Cross-training

Frontline Teams
Major Activities
• Operate on self-managed teams.
• Rotate jobs frequently.
• Make daily improvements

Frontline Professionals
Major Activities
• Use 3P / Production Preparation Process for product development.

Key Training
• 3P / Production Preparation Process

Infrastructure

Resource Team
• Integrate frontline leader training program into resource team.

Resource Area
• Add capabilities and equipment as needed.
• Improve processes to keep resource area ready at all times.
• Document best practices for teams to share with future members.

Knowledge Management
• Manage and update training materials.

Forms & Terms
• A3 Template (+Video +Form)
• FMEA Worksheet / Failure Mode and Effects Analysis Sheet (+Form)
• SIPOC Analysis Sheet

Mentorship

Internal Expertise

Major Activities
• Train cadre (future CI team members/leaders).
• Provide kaizen facilitation.
• Attend continuing (advanced) CI training.

**External Expertise**

**Major Activities**

• Provide on-call support for special projects / problems.
• Support advanced learning.
• Train company trainers.
• Wean company from need for routine support.

**More Support Options**

• Remote process reviews (via recordings or video conferencing)

**Support Team**

**Human Resources**

• Ensure personnel policies are compatible with business management system.

**Information Technology**

• Increase staffing to handle project load.

**Facilities**

• Increase staffing to handle project load.

**Tooling**

• Increase staffing to handle project load.
Some elite companies pass from a strong continuous improvement culture to one that drives world-class performance. These top tier companies continually stay ahead of the competition, and regularly make game-changing breakthroughs.

This final phase of the continuous improvement model is an extremely interesting one. It does not have a lot of supporting sections, as there are not many specific things that separate a good or great company from a world-class one. That just means that you can’t just add new ingredients like A3 reports to the mix and become world-class. Rather, world-class companies come into being because of their ability to do all the little things extremely well.

What this means, in simpler terms, is that this phase is more about doing all the things you have learned better than it is about learning new things. In the early phases, it is relatively easy to distinguish where someone is on their journey by what they are doing in their organization. If there are red tags and kanban cards in use, you can see a measure of progress that means they have at least started ramping up. A3 reports generally mean the company is well along its continuous improvement journey and is focusing on keeping momentum. On the other hand, once a company enters the momentum phase, you can’t simply do a walk through and inventory the tools that are in use to tell if a company is world-class.

Instead, you have to look at performance. Do the financial numbers tell the story of an elite company? Now, there can be some debate about whether profit is the only indicator of a successful company. But to be clear, companies cannot exist if they are not profitable. The owners may have a social agenda and want to share the wealth the company creates, but a more financially sound company has more options to fulfill that desire. But there is more to it than just squeezing dollars out of people. How a company earns is important, morally. But it also matters from the profitability standpoint too. Respecting employees, and customers for that matter, is not just the right thing to do. It is also the profitable thing to do. Taking advantage of either group may be of benefit in the short term. But in the end, adversarial relationships with either group are incompatible with long-term success. And world-class companies are built to last.

Beyond the financials, though, world-class companies build stellar reputations. Is filling open positions tough because there are too many good candidates to choose from? Is
the company emulated by others? Are news stories covering the company's accomplishments commonplace? Are there case studies about it? If you answered yes to these questions, you may be a world-class company.

Obviously, getting to this point takes hard work. It takes commitment. It takes discipline. But the benefits are substantial. Toyota's reputation for world-class quality bolsters its sales. Google's reputation for how it treats its employees has applicants lining up to work there. That means low turnover costs and a virtual guarantee that they will have the perfect person apply for every job opening. A reputation for world-class performance is not only the result of having an edge over the competition. It is also yet another advantage over them.

The leap from outstanding to world-class performance, though, is much more specific to your situation. There is no typical path to take. Our intent is simply to help you learn to find the right path for your company.

**Boundaries**

The boundary between Phase 6, Keeping Momentum, and Phase 7, World-Class Performance, is not easily identifiable and even less easily crossed. That's a big reason why there are so few companies that fall into this category. To add to the problem, world-class performance is, to a large degree, externally defined. Today's world-class can be tomorrow's defunct if the world passes you by.

For the purposes of this practical guide, though, the boundary is that you'll know you are world-class when you are told you are by the world. The advent of social media makes it a simple task to see how you are perceived in the world. If the world tells you are great, and backs it up with fierce loyalty to your products and services, and you've got great financial numbers, and your completion emulates you as they play catch-up, you'll know you've crossed the boundary.

**Timeline**

*Not earlier than 10+ years, if achieved at all.*

Becoming world-class is not a matter of simply flipping a switch. There is a lot of
work and a great deal of learning that goes into it. There is also the not insignificant issue of the composition of the team. When companies start on their continuous improvement journey, most do not have the right people on the team to make it world-class. The people at all levels of the organization were hired with an entirely different skillset in mind.

Many of these people are great individuals and adapt well to the new culture, but they are not built for the new culture. What that means is that some people are energized from working in the environment that we’ve been showing you how to build. Other people, though, can do well in it, but it they must put energy into it. World-class companies need more of the former. But the people in the latter group do everything you ask of them. Not only would it be unfair to terminate them, it would be harmful to the culture. People want to feel safe and if you release high performing individuals, others will become disengaged. They will feel at risk.

Over time, though, the composition of the team will change. Some people will slowly shift to the energized group. Some of the people in the other group will retire. Your hiring and promotion plan will favor the people with the right skills and the right demeanor. Eventually, the makeup of the company will change to one that is compatible with world-class performance. Unfortunately, the right way to do this takes time, hence the extensive timeline to get to world-class performance.

Risk

Extreme.

Becoming among the top performers in the world in any field is extremely demanding. It can be just as demanding to stay there for long. Once an organization is recognized as being world-class, it bears significant risk. Granted, you don’t join the ranks of the elite without being great at your core practices, but there are three main things that can knock an organization down from its perch. The first and most obvious is if performance slides.

The second, and a subtler issue, is the fact that the world is a rapidly changing place. Toyota has been renowned for its reputation atop the car manufacturing industry. The truth, though, is that the competition is closing the gap, and, in some cases, has already surpassed Toyota in quality and profit. But even that risk pales in comparison to the changing nature of the industry. Electric cars are on the rise, and there will undoubtedly be other advances hot on its heels. In the coming decades, there will likely be a shuffling of the pecking order in the transportation industry. World-class performance does not always carry over when there is a major shift in a market. (It does bear mentioning, though, that a company that is world-class probably does have the tools to manage change better than most. It just takes one
unexpected upstart to create chaos, though.)

The final challenge is that world-class performance is based, in large part, on perception. This often comes to light when a company faces an internal misstep. Perhaps they gamble on a major new product that flops, or make a major environmental blunder. Social media can amplify the impact of an issue, especially when it smacks of arrogance or contempt for customers or the law. Reputation is a major component of world-class performance, so if it is tarnished, world-class status can plummet.

The reverse is also true. If you do great, but nobody knows it, you don’t reap the benefits that come with world-class status. Great employees leave and candidates apply elsewhere. Sales take a hit. World-class companies don’t just have to perform great to capitalize on their outstanding operations. The world has to know how great they are.

Key Principles

- **Expect to Win.** Confidence is a key principle for world-class companies. They don’t concede victory to other dominant players in the market. Granted, there is a fine line between confidence and overconfidence, but in world-class companies, the line between the two is often much further off in the distance than it would be for a company that doesn't have the same history of sustained high performance. World-class companies take on challenges knowing that their systems will get them there, even if they don’t know the path yet.

- **Think Big.** World-class companies take on projects that change the world. That’s not to say they engage in fantasy projects. But their confidence lets them take on game-changing projects that others would not even attempt. Progress in the world is a mixture of evolutionary change and revolutionary leaps forward. World-class companies are well positioned to exhibit the grand thinking that changes the world.
The Continuous Improvement Companion is an extensive online reference guide, and more. You'll find detailed information and links in the following sections. This page provides a summary of the sections of this guide.

Directory of Terms / Lean Dictionary

The backbone of this guide is the directory of terms. Many of the terms within this directory contain extensive content broken into easy to find and easy to digest sections.

For most terms, you'll find an overview to get you started and a detailed discussion if you need to dive into more detail. You will also find sections devoted to words of warning, leader notes, information for frontline employees, keys to success, and more.

Forms & Tools

In addition to terms, you'll find a treasure trove of Forms & Tools. Many of these are free. Member versions are in the native format and are editable. To get these, all you have to do is sign up for our newsletter. For those that don't want to join, we offer guest versions in PDF for many of our forms.
**Improvement Articles**

We publish a blog. Many of the articles on the blog are how-to articles or are extremely relevant to your learning journey. We've compiled a selection of these in PDF format for you to download and distribute to your team.

**Improvement Strategies**

The CIC contains many strategies for continuous improvement. These tend to be short ideas for dealing with specific problems that arise when creating a continuous improvement culture in your organization.

Many of these come from *Whaddaya Mean I Gotta Be Lean?*, a survival guide for employees at the frontline of change.

**Frequently Asked Questions**

As you proceed on your Lean journey, you will undoubtedly come across numerous questions about how to proceed. Fortunately, many of these questions have already been asked and answered.

Our FAQ section highlights many of the most common questions we have been asked.
CONTINUOUS IMPROVEMENT TERMS DIRECTORY

- **1/3 – 2/3 Planning Rule (+ 2-Page PDF)**

  It is important to strike a balance in how much time is allowed for senior leaders to make a plan and for junior leaders to execute it. The 1/3 – 2/3 Planning Rule is a rule of thumb for allocating the time available for projects.

- **10-Foot, 3-Second Rule**

  The “10 Foot, 3-Second” rule is a rule of thumb regarding visual controls. From 10 feet away, you should be able to assess the status of an operation within 3 seconds.

- **10-Year Old Mindset**

  Continuous improvement often requires us to step outside what we believe to be true and look at the world in a new, different way.

  Children do this on a regular basis. Why is the sky blue? How do birds fly? What would happen if you were driving at the speed of light and you turned on your headlights? This type of curiosity without fear is the hallmark of the 10 year-old mindset.

- **100 Mile Rule**

  The 100-mile rule for meetings/projects is a mental tool for deciding whether to interrupt a person for a problem. In a nutshell, if the issue is big enough that...

- **100% Inspection**

  A 100% inspection is exactly what it sounds like. It is a check on every single piece of work. The inspection can be done on both physical products on the shop floor, or information in an office setting.

- **11 “C”s” of Lean Leadership (+ 5-Page Lean PDF)**
The 11 C’s of Lean Leadership provides a mnemonic device you can use to look at the characteristics of a leader. Review this term online, or download a FREE 5-Page PDF on the 11 C’s of Lean Leadership.

- **14 Points, Deming’s**


  At the time the book was first published in 1982, American industry, especially the automotive companies, had started to lag behind Japanese companies in terms of quality. Deming spent many years working with Japanese companies, and came up with his 14 points as a way that American companies could transform to be more competitive in the changing global marketplace.

- **3 Reals**

  The ‘3 reals’ tie closely to the concept of gemba. The term ‘3 reals’ simply means that you can’t learn about something unless you go to the point of impact and look at what is actually happening.

- **3P / Production Preparation Process**

  The Production Preparations Process (3P) is a powerful means of taking a big-picture look at how a product is designed and manufactured. It guides teams through the creative process of generating ideas, and then whittles the ideas down to one that will be implemented.

  A 3P project can focus on either the process or on the product design. The goal is to finish the event, usually about a week long, with a good idea of how the design should look, and a good understanding of how it will be built.

- **5 Principles of Lean**

  Lean principles are the guiding concepts that drive the basic behaviors of an organization. While many Lean advocates create their unique set of principles, the most famous were first presented by James Womack and Daniel Jones in their book *Lean Thinking*.

- **5 Whys (+6-Page Lean PDF +Video +MP3 +Form)**
The 5 Whys is a simple problem solving tool that helps you get to the root cause of a problem. Watch a short video, and download a FREE 6-Page PDF on the 5 Whys.

- **5Ps of Effective Meetings**

The “5Ps of Effective Meetings” is a simple memory device to help you, not surprisingly, run more effective meetings. Because of the increasing complexity of business operations, more and more often, problems require a collaborative solution. Those collaborative solutions tend to require meetings.

Unfortunately, this increased demand for meetings also tends to increase the waste associated with them. And make no mistake; the majority of meetings contain a tremendous amount of wasted time.

Using the “5Ps of Effective Meetings” can help reduce the waste these gatherings generate.

- **5S (+14 Page Lean PDF, +11 Minute Video)**

An organized, well-designed workplace improves efficiency. A great workplace, goes well beyond simply putting things in designated locations. Visit this Lean term page to learn more and download a FREE 14-Page PDF about 5S.

- **5W1H**

5W1H is shorthand for “Who, What, When, Where, Why, and How.” It is used both in problem solving and in project planning.

This set of questions is sometimes referred to as the Kipling Method, due to a poem that appeared in Rudyard Kipling’s 1902 “Just So Stories.”

- **6 M’s**
The 6 M’s are a mnemonic tool used primarily during the creation of a cause & effect diagram.

The 6 M’s are:

- Machines
- Methods
- Materials
- Mother Nature
- Manpower (People Power)
- Measurements

**6 P’s**

The 6 P’s are a mnemonic tool similar to the 6M’s. Both are used to categorize causes on an Ishikawa (cause & effect) diagram. The 6 M’s were traditionally used for fishbone diagrams on the shop floor or other production environments.

The 6 P’s originated when more and more companies began migrating Lean to the office. The 6 P’s are:

- Policy
- Process
- People
- Plant
- Program
- Product

**6S**

6S is a mnemonic devices used to recall the 6 steps to improving workplace organization and effectiveness. It is essentially 5S with safety specifically added. The six “S” terms are:

- Sort
- Straighten
- Scrub
- Standardize
- Sustain
- Safety

**7 Basic Tools of Quality / 7 QC Tools**

The 7 Basic Tools of Quality (or 7 QC Tools) is a set of relatively simple data analysis tools used to support quality improvement efforts.

These tools are fairly simple in that they don’t require sophisticated statistics to use (though control charts border on being too complex for the typical user to develop.)

**7 Wastes**
See also Waste.

- **8 Wastes / 8th Waste**

  The 8 wastes are a variation on the seven wastes that were first proposed by Taiichi Ohno, the father of modern Lean.

  The one element that is notably missing from this list is the human factor. For that reason, many people add an eighth waste to the original seven. There are several different versions of this eighth waste, but all focus on wasting the potential or ability of team members.

- **80/20 Rule**

  The 80/20 rule states that 80 percent of the effects of something come from 20 percent of the causes.

  The 80/20 rule is also known as the Pareto Principle after the Italian economist, Vilfredo Pareto, who first mathematically analyzed the distribution of wealth in his country.

  The 80/20 rule helps prioritize improvement efforts. Working on the critical few (the 20%) causes can yield big gains.

- **8D Analysis**

  8D Analysis is a problem solving methodology. It takes a step by step approach to identify the root cause of a problem and permanently eliminate it.

  Because there is a cost in terms of time and effort in using a formal methodology such as 8D analysis, it is usually only done when there is a project with a large scope or a sizeable risk. Small, low-risk projects tend to require a less structured approach.

  See also: 8D Problem Solving

- **8D for Lean Problem Solving / 8 Disciplines (+Video +MP3)**

  The 8D methodology is a type of problem solving that is similar to the DMAIC approach utilized by Six Sigma. Of note, 8D is a shortened form of the original name, ‘8 Disciplines’.

  The 8D’s are:

  1. Identify the problem
  2. Use a team approach/form an 8D team
  3. Describe the problem
  4. Interim containment
  5. Define the root cause(s)
  6. Develop solution(s)
7. Implement the solution(s)
8. Prevent recurrence
9. Congratulate the team

• **9-Square (Prioritization Tool)**

The 9-square is a prioritization tool in Lean problem solving that helps you organize your improvement ideas. After completing a brainstorming session in which you compile a large number of viable options, you have to decide which ones to implement. To use the 9-square, rank each in two categories: impact and ease of implementation.

![9-Square Diagram]

- **A3 Management**

A3 management is a structured way of running a business. A3 management focuses on using a scientific approach to problem solving that creates a learning organization.

It is imperative that the focus of the problem solving efforts stays on the process, and not on people. A3 management requires a level of openness about discussing problems that is hard to achieve. If people on the team feel that A3 management is going to get them in trouble, they will be resistant to answering questions candidly.

- **A3 Problem Solving**
A3 problem solving is a structured approach to resolving problems. It was popularized by Toyota, but is now in widespread use.

A3 problem solving is hard to replicate because it requires discipline to use it and persistence to go through the iterative steps of coming up with a resolution.

- **A3 Process**

The A3 process is a methodology for getting to the root cause of a problem and addressing it in a way that will permanently eliminate it.

Following the A3 process entails a large amount of back-and-forth between managers and their teams. For that reason, the A3 process is well-matched to learning organizations—companies that constantly strive to get better.

- **A3 Report**

The A3 report is the communication medium of A3 management. The A3 report takes its name from the size of the paper, “A3” or 11 x 17 inch, that it is generally written or printed on.

The large size of the A3 report lets users see, at a glance, a great deal of information, including:

  - Header info (Problem Title, Owner, Date, etc.)
  - Background Info
  - Current State
  - Goals
  - Analysis
  - Plan
  - Follow-up

- **A3 Thinking (+14-Page Lean PDF +Video +MP3 +Form)**

A3 Thinking is a focused, structured problem solving methodology. Watch a short video, and download a FREE 14-Page PDF on A3 Thinking.

- **ABC Inventory**
ABC inventory is a method of categorizing inventory to segment items into different inventory management processes. Typically, the segmentation is done by calculating the annual usage of the parts, and labeling the top 70% of parts (by cost) as ‘A’ parts, the next 25% as ‘B’ parts, and the final 5% as ‘C’ parts. On occasion, an organization may include all parts without usage over the last year as another category (i.e. ‘D’ parts).

- **ABC Machines**

Machines are essential to production environments. But not all machines are created equal. The impact of breakdowns varies widely. Because resources are limited, it is important to have a strategy to manage machines according to how critical they are to the operation.

An ‘ABC Machines’ strategy is one way to...

- **Abnormal Conditions**

Imagine you are at home, and you hear a funny sound coming from the washing machine, you smell a slight odor of smoke coming from the kitchen, or you see a water mark on ceiling. Each of these things indicates that something just isn’t right. They are abnormal conditions. Sometimes, they tell you that a problem already occurred, but they frequently forecast a pending problem. They let you know that you need to fix something that is about to get worse.

Abnormal conditions exist at work, just like at home. On the job, though, abnormal conditions link tightly to the processes that you do. Each process typically has a range of conditions under which it operates. When something gets out of whack, and an abnormal condition results. When these abnormal conditions exist, it is hard to get consistent outputs.

- **Abnormality Management**

There are many different styles of management. One that works well in a Lean environment is abnormality management. In a nutshell, systems are developed that highlight abnormalities. When these abnormal conditions are present, leaders and their teams take action to return the situation to standard.

While this sounds simple, the truth is that it is seldom applied effectively, because most organizations do not have clear standards that are consistently followed.

- **Absences**

Absences are, in a nutshell, times when a person is not present to do their normal work. Absences primarily fall into two categories from a production viewpoint—planned and unplanned.

Your company’s HR team may categorize absences in a number of ways, but from the operations standpoint, human resource definitions are irrelevant. It does not matter whether a person is on a vacation, medical leave, sabbatical, or suddenly retires. All that really matters is whether the team
knows in advance that people will be gone. Obviously, the duration of the planned absence makes a difference in how a team prepares for the absence, but knowing about it in advance gives them an opportunity to take action.

- **Acceptable Quality Level / AQL**

  An acceptable quality level (AQL) is the percentage of defects allowed for a lot before it is rejected by a customer. Due to the size of most lots and the costs of 100% inspections, the quality of an incoming lot is normally determined by a sampling plan. The AQL will translate into a number of defects that is allowed in a sample of a specified size.

  AQL may be negotiated in a purchasing contract, or it may simply be part of an internal quality control process.

- **Acceptance Number**

  The acceptance number is the highest number of nonconforming items that can be found in a sample for a lot to still be considered acceptable. This number is determined by statistics and is based on the required quality level, lot size, and sample size.

- **Accountability in Lean**

  For Lean leaders, both accountability and authority are obviously important. Authority is the state of having the power to give directions and make decisions. It is generally granted by an organization to individuals for the purpose of getting results in the areas they are accountable.

  That’s the tradeoff. With the gift of authority comes the burden of accountability—having to deliver good results. Accountability comes from an external person or organization. That simply means that someone else is going to call you on the carpet to explain the results if they are not up to standard. It could be for the performance of a team, or for a continuous improvement project.

- **Accounting**

  A company has to know whether what they are doing makes money, right? The people who know how to figure this out are the accountants.

  In the US, accounting is done according to Generally Accepted Accounting Principles (GAAP). This provides a standard method of accounting so that when one company says they made ‘X’ dollars in profit, it can be compared to the performance of another company.

  In order to make sure that everyone is counting the same way, there are several groups that have oversight. The IRS is one. They have their own way of doing accounting, so sometimes companies have different numbers for taxable income that they report to the IRS, and net income that they report to the public (Pratt, 2000, p. 28).
• **Accuracy**

The definition of accuracy is essentially having results (data) that is centered on a target value. Statistically speaking, it is how correct the mean value is. The layman’s definition of precision is “a measure of how little variation there is in your system”.

Lean Six Sigma depends heavily on understanding both of these concepts. When a process is not delivering consistently acceptable results, you likely are dealing with either inaccuracy or an imprecise process.

![Accuracy Diagram](image)

• **Action Date**

Using an ‘action date’ is a proactive approach to managing your workload.

Whenever a task is unfinished, there is a next step. Frequently, that step is passively managed. Usually this means waiting for something to happen to allow work to continue. It could be waiting for a part to arrive, or for a customer to call back, or something similar.

Rather than just leave things to chance, always assign an action date to a delayed task. An action date creates a sense of ownership and active management in people.

• **Action Plan**

Action plans are, in effect, roadmaps to achieve goals. They should contain a description of the improvement goal, names of people on the team, steps to be taken, names assigned to the steps, and due dates for steps.

Some action plans are simple in their layout. Others add in additional features, such as a graphical timeline, a synopsis of the current situation, graphics that show completions progress, and other bells and whistles. Advanced action plans use Work Breakdown Structure (WBS), a project management tool, to break projects down into discrete work elements.

• **Activity Ratio**

The activity ratio is a measure of how quickly work moves through a process. It is simply the sum of the process times divided by the total lead time.

\[
\frac{\Sigma \text{Process Time}}{\text{Total Lead Time}} = \text{Activity Ratio}
\]
For example, if the processing time was 30 minutes and the lead time was 2 hours, the activity ratio would be .25 or 25%.

- **Activity-Based Costing**

  The definition of Activity-Based Costing: a means of attempting to accurately apply costs of running a business to a specific product or service. It entails identifying the ‘cost drivers’, or the things that drive the consumption of shared resources, and using them to apply a logical proportion of overhead costs to specific products.

  In traditional costing methods, overhead may be applied by a broad brushstroke. All overhead costs may be applied, for example, at the same ratio as the ratio of direct labor costs. The danger of this method is that one product may, in effect, subsidize another product that uses resources in a different manner. In some cases, this may simply skew the understanding of how much profit each product contributed. In other cases, the incorrect allocation of costs may actually make an unprofitable product group appear profitable.

- **Ad Hoc Query**

  An ad hoc query is simply a one-time request for information from a database. (Ad hoc is Latin for ‘for this purpose.)

  Many database reports are standardized and are used repeatedly. They cover the vast majority of typical operations management needs.

  Ad hoc queries, though, play a big role in Lean. Often, the questions that teams have during a kaizen event cannot be answered with standard reporting functionality. A common mistake is to try to force that data to match the problem at hand. Generally, this doesn’t provide the breakthrough insight that teams need.

- **Administrative Processes**

  Administrative processes substantially contribute to a company’s costs. Obviously, it depends on the company, but estimates commonly attribute 60-80% of expenses to administrative processes.

  Administrative processes are the office tasks that are required to keep a company humming along. Administrative processes include human resources, marketing, and accounting. Basically anything that entails managing the information that supports a business is an administrative process.

- **Affinity Diagram**

  One of the more unusually named Lean tools, the affinity diagram is not really a diagram at all. It is more of a sorting and grouping process to organize ideas into manageable chunks.

- **Agile Manufacturing**
Agile manufacturing describes a company's ability to be responsive to the marketplace. A company has to be able to roll out new products and services as the needs and desires of their customers change. It also has to offer increasingly varied product mixes and greater customization when customers require it. Agile manufacturing promotes the belief that these rapid adjustments can be done in a cost effective manner.

- **Aha! Moments**

  Aha! moments are the instances when the 'light bulb' comes on. It is the point in time when someone makes the transition from not knowing something to full understanding.

  Fortunately, Aha! moments are often visible on the faces of people experiencing them.

  Why is that relevant you may wonder? Many instructors, especially those mentoring Lean students, live for Aha! moments. It is very rewarding to help coach someone to that moment when Lean suddenly makes sense for them.

- **Algorithm**

  An algorithm is simply a set of instructions for solving a specific problem. It is commonly associated with math or computers, but applies to all problems. A troubleshooting guide is a form of algorithm, as is a recipe. Algorithms make life easier by standardizing the method to solve a problem, and help us avoid having to reinvent the wheel every time we encounter some obstacle.

  To truly be an algorithm, the set of instructions must deliver the same results for the same set of conditions, each and every time.

- **Allocation (Resource)**

  Resource allocation is simply the art and science of parceling out the various resources available to an organization.

  We use resource allocation in our everyday lives—we have to choose how to divide our time, money, and energy. How do we decide? At home, we do it very informally. We often use gut feelings to decide if we want a new TV more than a trip to the tropics. Resource allocation, though, even when done informally, is based on goals.

- **Alpha Risk**

  Alpha risk is, in statistical terms, the chance of rejecting the null hypothesis when it is, in fact, true. In other words, it is a false positive (i.e. a good part is identified as a defect).

  This risk is also known as a Type-I risk, or producer's risk.

- **Alternative Hypothesis**
The alternative hypothesis is the assumption that there is a statistically significant difference between two sets of data. This is essentially the opposite of the null hypothesis. The alternative hypothesis is accepted if the null hypothesis is rejected.

- **Ambiguity**

Ambiguity is the state of uncertainty in meaning. Ambiguity is harmful to Lean companies for several reasons.

- **Ambiguity reduces consistency.** If a process is vague, it is hard to follow the same way every time.
- **Ambiguity slows processes down.** Requesting clarification breaks the rhythm of a process.
- **Ambiguity misaligns goals.** If everyone doesn’t interpret objectives the same way, teams go in different directions.

- **American National Standards Institute (ANSI)**

The American National Standards Institute (ANSI) is a US government organization that coordinates the creation of voluntary national standards. It is the official US representative to the International Organization for Standardization (ISO). More detailed information is available at [www.ansi.org](http://www.ansi.org).

ANSI works towards promoting national standards. These standards help consumers in the long run, as national standards ensure that competing companies in the same industry are following the same ground rules. Things like crash tests for cars, wind speed ratings for aerial work platforms, and a host of other things are all covered by national standards. ANSI estimates that there were more than ten thousand national standards in mid 2006.

- **Amortization**

Let’s say that you and three friends rent a cabin for a week. During that week, you spend a hundred bucks a day on food, entertainment, and the other costs of being on vacation. Is that all you spent? Nope. You still have to account for the cost of the cabin, right? If the cabin cost $840 to rent, you’d take your share of that and add it to the cost of your vacation—an additional $210.

So, even though, on the first day when you checked in you spent $310 and the rest of the week you spent $100 per day, was the first day really more expensive? If it was, you could just show up a day later and save a lot of money, right? No—one seventh of the value of the cabin is used up each day. So in reality, the vacation cost you $130 per day.

- **Analysis**

Analysis is the deep dive into the details of a problem in order to better understand it. Analysis is a central part of most problem solving methods. In fact, the ‘A’ in DMAIC (from Six Sigma) is Analyze.

- **Analysis of Variance (ANOVA)**
Analysis of variance, also known as ANOVA, is a relatively sophisticated statistical modeling technique that looks at variation within and between two or more groups.

- **Analytic Hierarchy Process (AHP)**

  The Analytic Hierarchy Process, or AHP, is a decision making tool developed in the 1970’s by Thomas L. Saaty. Its key characteristics are that it breaks big decisions into smaller ones, and relies on direct, one-on-one comparisons to make judgments.

- **Andon (+7-min MP3, +6-Page PDF)**

  Making a workplace visual is an important part of continuous improvement. Andon lights are one method of providing visual warnings that drive action.

- **Annual Objectives**

  In the generic definition, annual objectives are simply the company’s goals for a calendar year. In most cases these goals should target a degree of improvement.

  In a Lean organization, however, there’s a much more specific definition for annual objectives...

- **Annualized Values**

  Often, something occurs over a short period, but needs to be compared to a full year. This is known as annualizing. An example: You are applying for auto insurance, and the agent asks you what your yearly mileage is. You know that you drove 1,000 miles in the last month. The annualized rate, therefore, is 12,000 miles.

  In continuous improvement, you will likely be dealing with a great many metrics. You will have annual targets—perhaps for dollars of cost savings, number of people trained in kaizen, or productivity improvements.

- **Anomaly**

  An anomaly is a condition outside of the expected range. Generally, an anomaly has an unusual or unexplained circumstance around it. An explainable spike in a pressure gauge is not an anomaly. An inexplicable, temporary increase would be.
• **ANSI**

See American National Standards Institute.

• **Apples to Oranges Comparisons**

Apples to oranges comparisons occur when people examine two objects and draw incorrect conclusions. The problem comes from the fact that the two objects are dissimilar and should not be compared.

It happens often in Lean. Employees resisting Lean may compare the number of machines they run in a Lean company to the number they used to run, and conclude that they are overworked.

• **Appreciation (Employee Value)**

Appreciation is the increase in value of an item over time. In most cases, physical things lose value over time. Clothing, electronic equipment, and most automobiles lose value from the moment they leave the factory. Some items, though, rise in value. One only has to look at an antique shop or peruse a few pages of collectibles on eBay to see this firsthand.

The common denominator in appreciation is the scarcity of the item...

• **Appreciation for People**

People crave appreciation for their performance. They put a significant amount of effort into their jobs, and most people closely associate their personal value with how they feel they are perceived at work.

There are many ways leaders show that they appreciate their team. In some cases, they display their appreciation by presenting the person with something tangible—a bonus, a gift, a plaque. In other cases, mere recognition of the work that they do is enough. It is surprising how often leaders forget to thank people for what they do. Far too often, managers take their people for granted.

• **Artisan Processes**

An artisan process is one that relies on the skills of workers over strong processes. In the past, artisans were held in extremely high regard. This was primarily due, though, to the lack of a reasonable alternative to obtain high quality goods.

• **Assembly Lines**

Henry Ford is generally considered to be the inventor of the assembly line. In reality, he should be credited with the transition of the assembly line into the modern version of it. Primitive versions had been around in England for about a century. Henry Ford’s primary improvement was the focus of the whole operation around supporting the assembly line.

• **Asset**
In accounting terms, an asset is an economic resource owned by a company or individual. Assets hold value because of the future benefit they can bring.

An asset may fall into two categories—tangible and intangible. Tangible assets are what you would expect. Stuff you can touch—buildings, vehicles, machines, etc. Tangible assets are further broken down into noncurrent assets (the stuff mentioned already) and current assets, which typically include inventory, cash, and securities (i.e. stocks). Obviously, the word “current” applies to how quickly the asset can be turned into cash.

- **Assignable Cause**

  An assignable cause is a type of variation in which a specific activity or event can be linked to inconsistency in a system. In effect, it is a special cause that has been identified.

- **Assumptions**

  Assumptions are pieces of information that are presumed to be true, often without any evidence to support them.

  In Lean, people often resist changes by presenting assumptions as fact. “Our customers will never go for that.” “We need all these parts or the line will shut down.” “We can’t get those two machines closer.”

- **Attribute Data**

  All data is not created equally. There are many different categories of ways to describe things. Interestingly, there seems to be little consensus on what the terminology means.

  The term “attribute data”, if searched for on the web, yields a variety of definitions. Further confusing the issue, some of the data type definitions on one site are called by an entirely different, conflicting, name on another. We’ve attempted to form a compilation of the different definitions to create a somewhat standardized set of data terms.

- **Attribution Theory**

  Attribution theory is the study of the psychology behind how people attribute causes to the way they behave and the resulting outcomes.

  There are two types of attribution...

- **Attrition**

  One of the imperatives of any continuous improvement program is a commitment by the organization to protect jobs. If people don’t trust the company, they will be reluctant to do anything that will increase productivity. Obviously, if fewer people can do more, then there is a need for fewer people.
Companies can lay people off as a result of improvement activity exactly once. After that there won’t be any more improvements.

Instead, the company’s leadership should commit to the use of attrition to match staffing to demand. This simply means that as people leave the company, they are not replaced. Over time, the headcount will come down.

**Audits**

The term ‘Audit’ generally brings up an image of an IRS accountant knocking on the door. Hopefully at your company, audits don’t bring about such negative feelings.

Simply put, audits are checks on things (like Lean procedures) that people are supposed to be doing. In most cases, the term ‘audit’ implies some structure to the check, rather than simply walking around and looking things over (though leadership presence like that is important). These types of assessment audits may be of a process or system (i.e. quality systems, regulatory compliance, trade-secret protection, etc.).

**Authority**

Authority is a formally granted power to make decisions. Authority is generally bestowed upon a position rather than a person. It is different than accountability.

For example, a police officer has legal authority while he holds that job. His authority ends when he retires.

**Automated Guided Vehicle (AGV)**

Automated guided vehicles (sometimes called Automatic Guided Vehicles) are driverless vehicles that primarily perform transportation functions. In most cases, they support materials groups in distribution of raw materials and in movement of finished goods. These vehicles may either operate similar to a pallet jack, and carry the load, or as a tow-truck, and pull the load. They are guided by a variety of means, including...

**Automated Storage and Retrieval System (AS/RS)**

Automated Storage and Retrieval Systems are systems linked to a computerized control with an automated method of retrieving items from a designated storage location. The principle is that the machine rather than a person does the searching and retrieving.

Most AS/RS units make significant use of vertical space, leading to a high storage density.

**Automatic Machine Cycle Time**

Automatic machine cycle time, sometimes referred to as automatic machine time, is the time a machine spends processing a single part without an operator’s interaction.
Automatic machine cycle time is critical to the concept of *jidoka*, or separating people from machines.

- **Automatic Machine Time**
  
  See also Automatic Machine Cycle Time.

- **Automation**
  
  What is automation? It is the act of adding of a mechanical device to a machine that allows it to operate with reduced, non-continuous input from an operator. This allows the operator to do other tasks while the machine is running.

  In Lean, automation serves the same role it does in any other manufacturing system. It separates people from machines. This allows people to do fewer *dirty, dumb, or dangerous* tasks and helps them be more productive. Automation also powers the *Lean principle* of respect for people. It takes them away from mindless tasks, and lets them work on more interesting jobs.

- **Autonomation**
  
  Autonomation is *automation* with a human touch. It essentially means that an automated machine has the built in intelligence to identify when there is a problem, shut itself off, and signal the operator. This action prevents the machine from damaging itself or from producing more bad parts.

  Autonomation is also known as *jidoka*.

- **Autonomy**
  
  Autonomy is the state of being competent and empowered to make *decisions* on one’s own.

  Self-directed or self-managed work teams are examples of autonomous groups. In the most effective application of these sorts of teams, workers own the process, rather than having supervisors or leads giving direction. This responsibility may include *continuous improvement* efforts, *goal setting*, maintenance, problem resolution, production tracking, and other *daily management* issues.

  As a company becomes Leaner, it requires greater levels of autonomous activity from its *frontline employees*.

- **Availability**
  
  Availability is exactly what it sounds like. It is a state of readiness to perform a task or operation. The term can be applied to a person, process, or piece of equipment.

- **Back Office / Front Office**
The terms ‘back office’ and ‘front office’ refer to customer contact. Those that have direct customer contact are the front office. Others who work in administrative roles are the ‘back office’. The terms originally came from the physical layout of an office building, but with the advent of improved communication, the delineation is murkier. Many people now spend all day in contact with customers on the phone and via electronic communication, and hence have many front office characteristics, despite never seeing a customer face-to-face.

Note that back office work can still be related to individual customers, but may not directly contact them. A person processing loan application falls into this category. Other back office functions, such as engineering and HR indirectly support customers in the aggregate.

- **Backflush**

Backflushing is an accounting method that can also be used to manage inventory. It is also known as “postproduction issuing.” When an item is purchased by a customer, the appropriate materials and other resources are issued to the order. The inventory levels in the system of all components on the bill of materials are also reduced. When the inventory reaches a prescribed level, an order is placed.

- **Backsliding**

Backsliding is the act of reverting to a pre-improvement process.

If you were to plot improvement over time on a run chart, backsliding would give the curve a saw-tooth look to it. A gain followed by a drop, followed by a gain and another drop.

- **Backups (Employee)**

Employee backups are the people who fill in when the regular operator is absent.

Having backups implies something. It means that the team has regularly assigned positions and does little or no job rotation.

In great Lean companies, standard work is in full force and people rotate in and out of positions regularly. This reduces the need for backups because there are already many people cross-trained for each work area.

- **Baka Yoke**

*Baka yoke* is the Japanese term for ‘foolproofing’ or ‘idiot proofing’. Needless to say, it is not the most politically correct of terms, and has been replaced in common use by *poka yoke*, or ‘mistake proofing.’

The principle is the same for both terms. Prevent mistakes rather than correct defects. The subtle difference between *baka yoke* and *poka yoke* is that the focus changes from the person (fool or idiot) to the process or action (mistake).
• **Balanced Scorecard**

The Balanced Scorecard is a management tool developed by Robert Kaplan and David Norton and published in their book titled *The Balanced Scorecard*. The book focuses on four areas:

- Financial performance
- Customer knowledge
- Internal business processes
- Learning and growth

The term ‘balanced’, as explained in their preface, is many faceted. It compares short and long term, financial and non-financial measures, lagging and leading indicators, and external and internal performance. The authors stress that the balanced scorecard is a management system, not a measurement system.

• **Bar Charts**

Bar charts are generally used to differentiate between the values of a parameter for ‘buckets’ of data. The length of the bar shows the relative value of that data point.

That just means that the bars represent a group, such as types of fruit in these examples, and the longer the bar, the higher the number. The parameter can be anything—number sold, acres planted, or people choosing it as their favorite fruit.
- **Barrier to Entry**

Barriers to entry are the variety of factors that keep new entrants from competing in a particular industry. It may be the strength of the brands of the incumbents. It may be the cost of developing competing technology. It may be access to raw materials or distribution channels. It may even be perceived loyalty of major customers. The equipment needed to manufacture the products may be prohibitively expensive.

Whatever the reason, whether real or imagined, companies must take the factor into consideration when deciding on their strategy. If the cost of competing is too high, they are unlikely to enter the market.

- **Barriers to Flow**

Most continuous improvement efforts, either directly or indirectly, are centered on improving flow. Flow is the condition where work moves from one process to the next without stopping. Improving flow means taking out all the efficiencies that keep that continuous movement smooth and direct.

When flow doesn’t exist, it is not because it is unwanted. Even the most batch-oriented manufacturer would prefer flow, but they see many reasons why flow is not practical. These reasons—the things, both real and imagined, are known as barriers to flow.

- **Baseline**

Baselines are essential to improvements. They are the starting point for a process to be changed, or are reference points for ongoing processes. Baselines can be used in two main ways.

First, they can be used to establish current conditions prior to a project. This is essential to knowing ...

- **Baseline Metrics / Baseline Measures**

A baseline is a snapshot of the state of a process or operation prior to making improvements. In effect, it is the ‘before’ measures of a process.

- **Batch and Queue**

In traditional manufacturing, there is a tendency to run large lots, or batches. This occurs for a variety of reasons—large distances between processes, long setup times, or simply poor processes.

When the batch is transferred to the downstream process, it sits in line, the ‘queueing’ part of batch and queue.

- **Batch Manufacturing (+Video)**
Batch manufacturing is the ‘traditional’ form of manufacturing where production is completed in lots of various size, and the lots are passed along en masse to the next step. Typically, layouts in batch manufacturing are done by function—a weld shop, a paint shop, a fabrication shop, etc.

Another name for batch manufacturing is ‘batch and queue’. It gets this name for obvious reasons. Products are produced, and then are shipped to the next process, where they sit in line waiting to be worked on.

- **Batches**

  Batches are groups of products that go through a process together. Batches work against the Lean principle of flow, because the first parts that are produced have to wait until the rest of the parts are completed before they can all move to the downstream process.

  Batches tend to drive up inventory. It is rare that the batches meet the exact needs of the downstream process, so the completed work sits until it is used.

- **Bells and Whistles**

  “Bells and Whistles” are the extras on a product...or on a process.

  On a product, bells and whistles are the features that enhance the product, but don’t significantly change the function. Years ago, power windows were part of the bells and whistles packages that carmakers used to distinguish cars from their competitors. Nowadays, backup sensors and blind spot detection are the extras.

  Bells and whistles often drift from extras to essentials as Lean customers come to expect the item and every competitor offers them.

- **Benchmarking**

  Benchmarking is simply the practice of finding someone who does something well and using it as a reference to gather set the bar for improvement. This can be done within the same industry (i.e. comparisons to competitors), or in other industries to spur revolutionary thinking.

  One frequently overlooked opportunity for benchmarking is within the same company. This may be under the same roof (accounting has found a great way to tag files on their hard disks), or in a separate division. With the rampant acquisitions going on today, many companies now have numerous organizations in their own ranks that they can benchmark.

- **Best Practices**

  The term ‘best practice’ is commonly used to describe a standout process that is the best known way to do something. ‘Best practice’ is really a misnomer. There is no such thing as a ‘best’ practice—only a ‘best known practice’.
The term itself goes contrary to the whole premise of continuous improvement—that things can always be made better. Don’t let yourself get complacent because you come up with a ‘best practice’.

- **Beta Risk**

Beta risk, statistically speaking, is the risk associated with accepting a null hypothesis when it is actually false. In other words, beta risk is a false negative in which a product is said to be free of defects when it actually has one.

Beta risk is also known as a Type-II error, or consumer’s risk.

- **Better, Not Perfect (+ 5-Page Lean PDF)**

When resources are limited, getting better is more important than becoming perfect. It takes a lot of resources to get close to perfection, and most companies still have a lot of other opportunities in areas that are not yet even good. Allocate resources wisely.

- **Bias (In Data Collection)**

There are two ways to look at the term ‘bias’. Let’s start with the technical, statistical way. It is the systematic error component, or the difference between what the observed average is and what the actual average is. That just says, in a fancy way, that your sample or observation matches reality.

In some cases, you recognize that your system has bias. You might identify a problem where a measuring device reads consistently off. Perhaps you have a stop on a cutting device that has shifted, so the ruler adds a quarter inch to each piece that you are cutting. Or you might have a tape measure where the little metal tab is getting loose—and adds an eighth of an inch to every measurement. This is most commonly identified when another instrument that is accurate measures the same item and a discrepancy is noted.

- **Bimodal Distribution**

A bimodal distribution is a distribution that has two separate and distinct peaks in it. A distribution of a data set describes the relative frequency of the occurrence of outcomes within each defines set of ranges.

- **Birdcage**

The term ‘Birdcage’ has two basic meanings in continuous improvement.
The most common usage applies to when a work area encloses a person, trapping them inside. It is usually commonly applied to manufacturing areas where material racks and workbenches isolate a person, but cubicles act in a very similar way. They separate people from each other, and raise the cost of dealing with problems dramatically. They also serve as a barrier to communication and teamwork.

- **Black Belt**

There are a variety of ‘ranks’ in continuous improvement environments. The belt system originated with Six Sigma, but has spread to Lean. Typically, Green Belts are people who have been trained in a general manner to do basic projects. Black Belts have more expertise, and are capable of coaching and mentoring teams. Master Black Belts are the top experts who have the skills to ‘train the trainers’ and create more Black Belts.

Many companies that issue certifications. Some certify internal employees only in support of their own business. Other certifications come from third parties that specialize in training.

- **Blitz, Kaizen**

A blitz is an intensive project, typically a week long, with focused gains in mind. The term kaizen or kaizen event are sometimes used interchangeably with blitz. Kaizen, in a broader sense though, is any effort to make something better. It makes for a bit of confusion about whether you are talking about a structured event or just a general improvement effort.

- **Boredom**

Boredom, not surprisingly, is simply tedium or a lack of excitement in your job. Boredom (or lack thereof) plays a big role in job satisfaction. Nobody wants to go to work and face eight or ten dull, monotonous hours of every day.

A lot of people fail to recognize is that there is significant waste associated with boredom at work. Bored employees may get the job done, but they are not as effective and productive as they could be.

- **Bottlenecks / Capacity Constraints (+MP3)**

The term ‘bottleneck’ (capacity constraint) comes from the area at the top of the bottle that limits the flow coming out. It doesn’t matter how big the rest of the bottle is—liquid will only flow out as fast as the size of the neck will allow.

That is stating the obvious, but the concept holds true in any production environment, whether in the office, or on the manufacturing floor. There is one process, station, step, etc. that is the limiting factor that will prevent greater throughput. This is the rate limiting step that determines your capacity.

- **Bowling Chart**
“Bowling chart” is the nickname given to the tracking sheets used to monitor either KPIs or policy deployment objectives. Its name comes from the similarity to a bowling scorecard. You may also hear the term “bowler” used to describe these forms.

The form compares the targets (plan) to actual performance on a monthly basis.

- **Brainstorming Techniques**

  Brainstorming techniques have varying degrees of structure, but they are all used to generate ideas.

  ***Brainstorming techniques include:***

  - A brainstorming session in which everyone in the room blurts out ideas.
  - A brainstorming session that takes a round-robin approach, with each person presenting an idea in turn.
  - A brainstorming session in which each person writes out a specified number of ideas.
  - A session in which each person brainstorms a specified number of drawings of an idea.
  - A brainstorming approach in which ideas are passed around the room with each person building on previous ideas.
  - Brainstorming in the context of another tool, such as filling out a cause and effect (Ishikawa) fishbone diagram or an affinity diagram.

- **Brand**

  This may seem obvious, but a brand is the identifier that lets customers know which product they are buying. It distinguishes between the products of different companies. In many cases, brands are trademarked. To prevent confusion with consumers, other companies are not allowed to use the same, or even confusingly similar brands. Makes sense, since companies spend a huge amount of money developing their brand, and don’t want the competition to reap the rewards.

  Brands are supported by many forms of marketing. Many people can recall the ‘Tastes great-Less filling’ ad campaign. The logos of many companies are immediately recognizable, such as the red background and white script of Coca-Cola® or the Pepsi® ball. Jingles also support brands. Oreo® and Oscar Mayer® both used lyrics that were sung by millions.

- **Break-Even Point**

  The break-even point is, not surprisingly, the point (number of units sold) where the company can “break-even” and start earning profit.
• **Breakthrough Objectives**

Breakthrough objectives are targets that can only be achieved with significant changes to the way the company operates. A company cannot achieve them by doing business as usual. Breakthrough objectives often cascade down from an aggressive strategic plan.

Sometimes a breakthrough objective is established based on an opportunity. For example, a new vice-president with previous Lean experience may be set an aggressive goal to dramatically reduce finished goods inventory and do more make-to-order production.

• **Briefback**

The process of giving instructions often leaves a significant amount of room for misinterpretation. People are often distracted during the briefing, or skim the email containing instructions. Or, the recipient may just make some different assumptions than the person delivering the instructions. Regardless, as in the childhood game of ‘telephone’, the message’s intent can be distorted.

• **Buffer (Production)**

A production buffer is a type of inventory allocated specifically as a hedge against variation. The root cause of the unpredictability may be due to the normal variation of a process, or any of a variety of types of special cause variation. The latter causes include things like supplier unreliability, machine breakdowns, and high defect rates.

• **Buffer Time**
Buffer time, in project management, is the extra time added into a time estimate to keep a project on track.

There are two general types of buffer time.

- Project buffer time
- Task buffer time

Project buffer time is the time that is added to the end of the project (or at various critical points along the way) that is managed by the project manager.

- C-Level Executive

C-Level executives are the top individuals in an organization’s hierarchical structure. They most common are the CEO (Chief Executive Officer), CFO (Chief Financial Officer), and COO (Chief Operating Officer). There are also frequently c-level executives in charge of marketing or information technology.

- Calibration

Calibration is the process of comparing the measuring capabilities of a piece of equipment to a known standard. In the common vernacular, calibration is thought to include adjustment as well. In reality, calibration and adjustment are two separate processes.

- Call Center

Call centers are simply clusters of people answering phones for a particular purpose. It might be to provide information, as in a hotline for a recall. It could be for placing orders, for technical support, or for customer service. Call centers can be inbound, where customers are calling in, or outbound, where the organization is calling the customer, such as for sales, or to promote political candidates.

- Can’t

The word “Can’t” is not compatible with continuous improvement. It is surprising how many things that “can’t” be done get accomplished by people and teams when they actually try. “Can’t” becomes an excuse for not attempting. It also is frequently treated as gospel when people say something “can’t be done.” There is an old expression...

- Capability

Capability simply means that a person or machine has the ability to perform a required task. It is a binary measure. That simply means that it is physically possible in the current state to do something.

- Capacity
Capacity is the amount a given group, team, or individual can produce. It is determined by factors such as productivity, staffing, hours of operations, equipment limitations, defects/scrap, setup time requirements, number of shifts, equipment maintenance requirements, and a host of other factors.

- **Capital Expenses**

Capital expenses are the cost for fixed assets—the things that are typically carried on the books (reported on financial statements), last longer than a year, and provide recurring value.

Buildings, vehicles, and equipment are typically capital expenses.

- **Card, Kanban**

See also Kanban card.

- **Catalog Engineer**

“Catalog engineer” is a derisive term used to describe someone with a lack of creativity when it comes to process improvement. The term describes those who immediately attempt to purchase an existing solution to a problem rather than try to figure out a method in-house.

- **Catchball**

Catchball is a business process of floating ideas and comments around in an iterative manner. The name ‘catchball’ comes from the metaphor of tossing an idea back and forth, much like you might with a football.

*In Lean, the catchball process...*

  - refines ideas
  - promotes buy-in from the front line
  - encourages creativity
  - helps create a continuous improvement culture.

- **Cause and Effect / Fishbone Diagram (+ 11-Page Lean PDF, + Video, + Form)**

Effective problem solving requires an arsenal of tools. The cause and effect diagram is an effective way to sort through the chaos and see what is really causing your problems. Visit this Lean term page to learn more and download a FREE 11-Page PDF about fishbone diagrams.
• **CEDAC**

CEDAC is an acronym that stands for cause and effect diagram with the addition of cards. It is a very specific way of building a fishbone diagram in which team members contribute ideas written on 3 x 5 cards or Post-it notes.

CEDAC is a problem-solving tool (video available) that relies on brainstorming. The goal of CEDAC is...

• **Cell, U-Shaped**

See also U-Shaped Cells.

• **Cell, Work**

See also work cell.

• **Cellular Manufacturing System**

In general, batch manufacturing (the opposite of a cellular manufacturing system) is oriented around a process. You might have a cutting group, a welding group, a grinding group, etc. Each workgroup is structured based on what they do. These clusters of machines produce long runs of a product according to a work schedule and deliver piles of work-in-process to the next operation in the value stream. Note: To clear up a confusing point, these process based groups are often referred to as ‘cells’. This process based ‘cell’ does not make the company a cellular manufacturing.

• **Central Limit Theorem**

The central limit theorem, in layman’s terms, says that regardless of the shape of the underlying distribution, in most cases, the mean of samples taken from the distribution will approximate a normal distribution.

• **Chaku-Chaku**

A chaku-chaku line has a series of machines, each equipped with a hanedashidevice, or autoejector. This enables the operator working a chaku-chaku line to

- walk up and immediately insert the part he is holding into a machine
- press a start button, and then
- pick up the previously ejected part.

Because the chaku-chaku operator is running several machines, she relies on jidoka (autonomation). If there is a problem on a machine while the operator is away, jidoka stops production, preventing further defects or damage to the machine.

• **Champion**
A Lean champion tends to be project oriented. They are senior executives with clout in the company. They provide backing to the project team and help remove obstacles, provide resources, move things along more quickly, and resolve disputes.

- **Change Agent**

A change agent is simply an advocate for change, who follows up on those convictions. He or she not only expresses a desire for change, but also attempts to rally those around them to join the cause. While change agents can be of any rank, they must have influence to make an impact on those around them.

Change agents work best from within the company. Frequently, companies will hire a speaker, or a consultant to help drive change. While this supports the process, it is no substitute for having a management team that is committed to a vision and is helping steer the company towards improvement.

- **Change Management (+ 9-Page Lean PDF)**

Making improvements, by definition, requires change. Since most people find change very challenging, change management is an essential skill for leaders to have in any Lean organization.

- **Change Resistance**

The term ‘resistance to change’ is commonly used in discussions about Lean. It simply means that people are set in their ways, and often don’t want to modify their routines.

Surprisingly, this change resistance doesn’t just occur when people who like their jobs are asked to make a change. Resistance even comes from people who are chronically upset with their working conditions. For them, the known evil is preferable to the unknown.

- **Changeover**

Changeover is the time it takes to go from the last good part of one product run to the first good part of the next product run. Quick changeover is critical to Lean. It provides the flexibility to match the product mix to actual demand.

In turn, this prevents the accumulation of inventory that can add cost and substantial waste to a value stream.
Watch out for a terminology issue with changeover. **Setup** and changeover are sometimes used interchangeably; in other cases, setup is viewed as a component of changeover. In that usage, it refers to the part of changeover that is focused on configuring a machine for a different product type.

- **Chart, Process Flow**

  See also Process Flow Chart.

- **Chart, Run**

  See also Run Chart.

- **Check Sheet**

  Check Sheets are means of tallying data. They generally are kept at the point of data collection, and every time a particular incident happens, a check is placed in the appropriate box.

  In many cases, the check sheet will be broken down into a grid. The columns most often contain the different types of occurrences. The rows are broken down into time periods, whether hours, days, or a longer period.

- **Checklists (+ 9-Page Lean PDF)**

  Checklists are quick, effective way to improve a process. There are pitfalls to using checklists, though. Visit this Lean term page to learn more and download a FREE 9-Page PDF about using checklists effectively.

- **Checkpoints**

  Checkpoints, in the military, are used to track progress of a unit’s movement.

  In **Lean**, checkpoints can be used in a similar fashion. Checkpoints can be linked to specific process steps. When the sequence of work is standardized, the operator should hit those checkpoints with the same time remaining in the takt time each and every cycle.

- **CLOSED MITT (+ 5-Page Lean PDF)**
CLOSED MITT is an acronym that is useful for helping to identify and categorize waste, and ultimately eliminate it.

- **Coaching (+ 3-Page PDF)**

  Coaching is an integral part of leadership, and as such it is essential in a Lean environment. Visit this Lean term page to download a FREE 3-Page PDF about coaching.

- **Common Cause Variation**

  Common cause variation is the predictable, repetitive, systemic portion of variation. Contrast this with special cause variation, caused by unusual occurrences.

  Common cause variation, in a nutshell, is the consistent randomness built into a process. It is also frequently referred to as ‘noise.’

- **Communication (+ 6-Page PDF)**
Communication is the act of passing information back and forth. It is important not only to Lean operations, but also plays a vital role in creating employee satisfaction. Visit this Lean term page to download a FREE 6-Page PDF about communication.

- **Competition**

  Competition is the act of trying to get your needs met over the needs of someone else.

  It could be competing in sports (your need to win over their need), in a job hunt (you against the thousand other applicants). Or it could be in a marketplace (trying to fight it out of for the same pile of money).

- **Competitive Advantage**

  A competitive advantage is a condition through which one organization has to spend fewer resources to get the same benefit as a competitor (or, of course, gets more benefit for spending the same amount of resources.)

- **Complacency**

  Complacency is the state of being content with achievements while simultaneously being unaware of the pending dangers.

  One of the greatest risks successful Lean companies face is complacency. They make massive gains, and become highly competitive in their markets. Then they become complacent and rest on their laurels while the competition makes progress.

- **Complexity**

  What’s the definition of complexity? It is anything that has a lot of intricacy to it. The word has a negative connotation to it in Lean. So what is complexity from a Lean perspective? It is adding more to a process than is needed. It is adding 3 steps when 2 will suffice. Keep the acronym KISS (‘Keep it simple, stupid’) in mind when developing Lean processes. It is a reminder to avoid complexity.

  In general, the more complex a solution or process is, the less likely it is to be followed, and the more likely it is to break, leading to poor quality.

- **Compromise**
A compromise involves mutual concessions by both sides during a disagreement. A compromise is characterized by each party getting less than they originally wanted in order to reach an agreement.

Compare compromise to collaboration and cooperation where two parties work together to achieve common (or overlapping) goals. In those types of arrangements, unlike in a compromise, both parties can come out ahead of where they originally were.

- **Computers**

Not that many years ago, people could choose not to use computers. In fact, many people did not have access to a computer at home or at work.

According to a Research and Markets report, as of January of 2009, 80% of US households have a computer. Many of the last 20% likely have access to a computer some other way—through work or via a friend or relative.

- **Concrete Head**

A concrete head is someone who is resistant to the changes that Lean brings. Obviously this is a derogatory term. The term “concrete head” is the result of a translation from Japanese.

- **Conflicts**

Conflict is the state of disagreement or opposition.

Conflict is a normal part of any Lean effort. When a process is changed, people invariably have differing opinions about the best way to fix things. In some cases, there is even conflict about whether something is even a problem.

- **Confusion**

Confusion is a lack of certainty. This uncertainty translates to waste.

This waste is cause by two main things:

0. **Delays:** Confusion creates delays in processes when operators try to figure out what to do, which leads to variation in cycle time. With enough of these delays, lead times also become harder to predict.
1. **Poor Quality:** Confusion creates quality problems. When instructions are unclear, people sometimes get the process wrong.

- **Consistency**

The definition of consistency (for Lean) is the ability to repeat a process over and over, and get the same results every time. Although it is not exclusively a Lean term, consistency is a critical component of Lean Standardized Work (frequently called Standard Work).
Why is it important to continuous improvement? Consistency in processes is the reason that continuous improvement works at all. That stability provides a foundation upon which to make improvements.

- **Constraints**

  Eliyahu Goldratt put together his Theory of Constraints, and presented its principles in his book ‘The Goal’. He explains that systems generally have a single (sometimes more) bottlenecks that limit, or constrain, production.

  In a more general sense, a constraint is anything that prevents you from accomplishing something that you want to do? Constraints come in a variety of forms. Laws (like speed limits), regulations (like those that OSHA administers), and customer preferences are all constraints.

- **Containment**

  Containment is an interim quality management step. When a problem is identified, the organization must take steps to prevent defects from escaping. Containment is a method of systematically identifying and quarantining all materials that are suspect until they can be confirmed not to contain defects.

- **Continuous Data**

  Continuous data can have any value within a given range. Compare this to discrete data which is limited in the values it takes.

- **Continuous Flow**

  Continuous flow is the act of moving a product through the production process from start to finish without stopping. In pure continuous flow, the cycle time equals the lead time, as the product never sits in a queue waiting to be worked on.

  Contrast this to batch and queue production in which larger groups of parts move as a unit and then wait for an operator to have time to work on them.

- **Continuous Improvement**

  Continuous improvement is the art of relentlessly attempting to make processes better. It is an all-the-time thing. It includes both the reduction of costs (primarily through waste reduction), or the increase of sales by offering better products and services. Regardless, it is the mindset that job satisfaction should come from improving one’s environment.

  Continuous improvement has this basic tenet: you are never done making things better. As soon as something is implemented, there is already an opportunity to improve it. There is no such thing as perfect, and there is no best way to do something. There is always, always, always a better way.
A ‘continuous improvement culture’ is a shared value system that promotes the belief that what is good enough today is not good enough for tomorrow.

Cultures do not change overnight. It takes time, patience, strong communication skills, and most importantly, trust between managers and their teams.

- **Contract (of Change)**

  Frequently, people will have their teams sign a ‘change contract’ that clarifies what their role is in whatever project or initiative they are taking part in. For some reason, when people sign their names to something, they are more likely to follow through on it. These contracts generally include actual behaviors, as well as attitudes.

- **Control (DMAIC Step)**

  The control step of the DMAIC process is where changes are locked in place. The control step requires a system to measure the performance of the new process to ensure it is performing as expected.

- **Control (Scientific)**

  A control, or control group is a tool used to confirm whether changes are actually having an effect. The control group is exposed to the same conditions as the test group with the exception of the variable that is being examined.

- **Control Limits**

  Control limits are lines established 3 standard deviations from the mean on a control chart. Keep in mind that the control chart depicts averages, so exhibits a normal distribution. (See Central Limit Theorem) 99.7% of all random variation (common cause) will fall within the upper and lower control limits. Outliers can generally be assumed to be outliers, indicating that the process is out of control.

- **Control, Statistical**

  When a process is said to be ‘in control’, statistically speaking, that means that all the variation can be attributed to common causes. All of the observed variation is just a function of the natural randomness built into a system or process.

- **Control, Visual**

  See also Visual Control.

- **Conveyors**
Conveyors are automatic systems for moving products and materials between two points. Roller tables perform the same function, but without the automation. Some are built on the ground; others are elevated to bench level. Some even hang parts overhead.

While conveyors certainly have an application in many situations, Lean tends to look to other solutions first. Lean’s use of work cells and flexible stations, as well as the constant rearranging of processes can make conveyors impractical.

- **Cooperation**

  Cooperation is the act of tailoring your activities to work with someone else’s in order to achieve a specific result.

  Cooperative relationships are generally informal. They tend to be successful because there is overlap in what both parties want to achieve—the intersection of both of their goals. While all parties have their own agendas, there is enough commonality to make the relationship beneficial for everyone.

- **Corrective Action Report (CAR)**

  A Corrective Action Report (CAR) is a tool used to support a quality program. It is a written record of the investigation into the root cause of a problem and the actions that are required to permanently eliminate the underlying issue.

- **Correlation**

  Correlation is a statistical term that describes the relationship between two different, measurable factors. The relationship may be positive (same direction—one goes up, the other goes up, like temperature and the number of people on the beach), or negative (like temperature and the number of people wearing coats).

  The relationship will have a mathematical formula associated with it, but it may not be a linear link. Changing one variable may do wacky things to the other. Some of the relationships can be rather complicated.

- **Cost of Poor Quality (COPQ)**

  The cost of poor quality (COPQ) is the aggregate impact of an organization’s errors and defects on the company.

  It includes costs associated with scrap, rework, inspection, data management, data collection, redesign, warranty claims, lawsuits, lost sales, loss of reputation, additional inventory, and any other expense that is incurred to make sure customers are not stuck with products that don’t work.

- **Costs**
Costs are simply our outlays or expenses for which we get something in return. It is most often money, but it can be anything—time, money, or even something that you trade in barter.

That expectation of getting something in return, given the assumption of a rational market, always implies a win-win situation. In a voluntary transaction (I’m leaving things like taxes and fines out of this), both sides think that they are getting more value than they are giving, or else the exchange doesn’t make sense to do.

- **Counterclockwise Flow**

Many Lean experts advocate setting up work areas so there is counterclockwise flow. This principle goes hand-in-hand with the **U-shaped cell**. Using a counterclockwise flow comes from the fact that most people are right-handed. As they move through the cell, their dominant hand is closer to the work sooner.

While it seems on the surface that this might not save much time, the seconds add up quickly in a fast-paced work area. It also appeals to people ergonomically, as there is less twisting and turning at each station.

- **Countermeasures**

Countermeasures are the actions taken to reduce or eliminate the **root causes** of problems that are preventing you from reaching your goals. In many cases, this is a formal **process** for a company. A company does its strategic planning, which cascades down through the levels of an organization, creating targets, or **Key Performance Indicators (KPIs)**. When the organization is missing on one of its KPIs, its leaders should perform countermeasures to make sure they have a plan to get back on track.

Countermeasures are also done when a problem ‘pops up’. But I encourage you to look at what **metric** that problem links to. You’d be surprised how often these sorts of issues can be tied to company targets.

- **Creativity**

Creativity is the ability to break the mold of traditional thinking.

Most people think of creativity as the ability to come up with new ideas. But creativity is also exhibited when people use existing **information** in new ways.

- **Credibility of Lean**

Credibility is trustworthiness. Credibility comes from a track record of getting things right.

**Lean**, despite its global success, has to earn its credibility within a company. It is not enough for a **leader** to talk about the virtues of Lean, or to point to external examples. Employees have to see a record of success on their home turf for them to start seeing Lean as a viable solution.
• **Critical Few**

The critical few are the minority of causes that contribute to the majority of the effects. The critical few is the ‘20’ part of the Pareto Principle, otherwise known as the 80-20 rule.

Addressing the critical few has the potential to provide the biggest bang for the buck. In most cases, you can conserve your continuous improvement resources by concentrating them on the critical few.

• **Criticism**

Criticism is negative feedback about something. At work, criticism can be about personal performance or a process.

In a Lean culture, discussing problems is an essential part of making improvements. The key to success at addressing these issues is to make every attempt to separate the failure of a person from the failure of a process.

• **CRM / Customer Relationship Management**

CRM stands for customer relationship management. It essentially is the practice of taking an active approach to understanding how a company interacts with its customers and creating a strategy to manage that relationship for both current and future customers.

• **Cross-Functional Team**

Complex problem solving often require complex thinking to get to simple, effective, easy to implement solutions. When a team is very homogenous, they tend to think very rigidly and one-dimensionally.

Consider a football team. Coaches understand the need for a well-balanced set of skills. A team needs big guys for the offensive line. It needs a quick thinker who can throw well for its quarterback. It needs strong players for running backs and linebackers, and fast players as receivers. With only big guys, or just fast guys, a team would fail.

• **Cross-training**

Cross-training employees is exactly what it sounds like—multiple people trained on each job, and each person trained on multiple jobs.

Cross-training employees provides flexibility. It allows leaders to shift people around to cover for breaks, vacations, and illnesses. It also allows leaders to adjust staffing when there are shifts in demand.

• **Culture, Continuous Improvement**

See also Continuous Improvement Culture.
- **Curiosity**

Curiosity is the desire to learn more, or the state of dissatisfaction with a lack of knowledge. It is also a fundamental part of any problem solving mentality.

Curiosity provides the drive to follow up on an issue once it is identified. It gives the spark that makes people continue to question what is going on even after the surface answer has been found. It also prevents accepting a “brush-off” answer to a question.

- **Current State Map**

A current state map is a snapshot of how a process is currently done. It may be a current state process flowchart, or a current state value stream map (VSM), but the principle is the same. It shows the current methodology of how you produce products or perform services for your customers.

- **Current State Value Stream Map**

The current state value stream map provides a 30,000 foot snapshot of how an organization operates. One of the unique aspects of this tool compared to others is that it shows the flow of both materials and information.

This tool is extremely useful for a few reasons:

- It provides eye-opening insight into the level of waste in an organization.
- It provides a foundation upon which to build a plan to improve.
- It acts as a communication tool to make sure that everyone in the organization is on the same sheet of music.

- **Customer Behavior**

Customer behavior is the way the average customer, in a specific target group, will act in a given situation.

Customer behavior depends on a host of factors—economic class, psychology, region, culture. Like-minded customers tend to behave in similar ways. That is why ads are targeted to specific groups.

- **Customers**

Who is a customer in the modern world? He is demanding. He wants his product immediately. He wants value, but that doesn’t mean cheap. It just means that he wants to feel like he gets a little more for his money. And he wants products that work, and services that deliver on their promises.

These demanding customers are the reason Lean exists at all. The demands they place on companies, and their willingness to vote with their wallets and feet makes continuous improvement a business imperative. If your company does not do it, your customers will quickly find one that does.
• **Cycle**

A cycle is the time from the start of a process until the operator (or machine) is *ready to start* the next time through the process.

An alternative definition of cycle says it is the time from the start of one part until the start of the next part.

• **Cycle Time (+9-Page Lean PDF +Videos +MP3 +Form)**

Understanding how long work takes is a critical aspect to making improvements. Cycle time play a big role in staffing decisions as well. Visit this Lean term page to learn more and download a FREE 9-Page Cycle Time PDF.

• **Cycle Time Reduction**

*Cycle time* reduction is the strategy of lowering the time it takes to perform a process in order to improve productivity.

In addition, cycle time reduction often improves quality. When a cycle time is too close to the *takt time*, there is little margin for error. If a process is dialed in with very little variation, this is seldom a problem. But most processes have some inconsistency in them, resulting in people falling behind the normal pace on occasion. This leads to them rushing, which, in turn can lead to mistakes. Reducing cycle time is a low cost way to add a bit of a buffer to avoid those sorts of defects.

• **Daily Improvement**

Daily improvement is the strategy of making constant, incremental improvements each and every day in order see impressive long term gains.

While many people see *kaizen* as just a week-long event, it is much more powerful when an entire workforce engages in daily improvement efforts.

Daily improvement does not have to be extreme. Moving a garbage can closer to where it is needed, or labeling a location for a stapler near a copier are both examples of small daily improvements that add up over time.

• **Daily Management (+13-Page PDF, +Video, +Form)**
Daily management is an ongoing PDCA cycle used to review an operation’s performance against expectations. More importantly, it is intended to drive process improvements when there is a mismatch. Watch a short video, and download a FREE 13-Page PDF on Daily Management.

**Dashboard**

Businesses have an incredible amount of information flowing into them. It is often impractical for people to process the data and make quick assessments and corrections to the business without some sort of simplification tool. One such tool is the dashboard. It is simple view of the key metrics of a business. One can take a quick look at it and see the state of the company—much like one can glance down at the dashboard on a car and see what is happening.

On a dashboard, some metrics are can be combinations of multiple other metrics. A weighting system is used to aggregate similar metrics.

**Data**

Data (the plural form of datum) is essentially information that is not yet in context, or without any applied meaning. For example, if you were told that a particular elephant in a zoo weighed 5,800 pounds, you could comprehend how heavy that is, but it would be hard to act on it. You might not know the gender of the animal, and may not know the average weight of the species, so you could not categorize the animal as large or small, and could not, for example, take actions to improve its health.

For that reason, the data must be applied to a situation to be useful. When data has meaning attached to it, it turns into information.

**Data Collection (+ 9-Page Lean PDF, + Video)**
Data collection is a core skill for continuous improvement. Decisions must be based in fact to be effective. Review this term online, or download a FREE 9-Page PDF on Data Collection.

- **Days Sales of Inventory (DSI)**

Days sales of inventory (DSI) is an accounting measure that gives an idea of how much inventory is on hand in a company. A large number means the company is generally inefficient at turning raw materials into profit. The formula for DSI is:

\[
Days Sales of Inventory = \left( \frac{Average\ Inventory}{Cost\ of\ Goods\ Sold} \right) \times 365
\]

The average inventory is calculated as follows:

\[
Average\ Inventory = \frac{Starting\ Inventory + Ending\ Inventory}{2}
\]

- **Days Sales Outstanding (DSO)**

Days sales outstanding is a measure of how effective an organization is at getting paid. DSO indicates how many days of sales are still left uncollected.

Obviously, an excessively high number means a lot of cash is tied up in the cost of producing and shipping products. On the surface, it might seem that the lower this number is, the better. It is true to a degree, but at some point, overly restrictive credit policies and aggressive collections will alienate customers and cost sales.

The basic formula for DSO is:

\[
Days Sales Outstanding = \frac{Account\ Receivables}{Credit\ Sales} \times \frac{Number\ of\ Days}{(Credit\ Sales)}
\]

- **Deadlines**
Deadlines are, simply put, the date something is due.

Deadlines may be externally dictated, such as the Internal Revenue Service’s April 15th deadline. They may also be internally set. You may establish March 15th as the date you want all of your tax records gathered. External deadlines tend to carry far more weight than self-imposed due dates because there are often sanctions associated with missing other people’s requirements.

- **Decision (+Video)**

A decision is a choice between two competing or alternative options. We make countless decisions each and every day—what to wear, what to eat, the route to take to work.

Some decisions are made so rapidly that they are virtually automatic. You make a decision every time you adjust the steering wheel on the car, surf the internet, and carry on a conversation.

- **Decision Matrix Template (+Video +Tool)**

  The Decision Matrix Template is a tool designed to simplify your decision-making process and take the guesswork and emotion out of selecting a course of action.

  **Format:** XLSX  
  **Regular Price:** Free for Registered Users

- **Decision Point**

  There are two basic definitions for decision point.

  The first is on a macro level. It is the latest point in time when a decision must be made within a plan. In many cases, it is advantageous to delay making a final choice until the last possible moment—it keeps options open. But at some point, it becomes too late for the decision to matter.

- **Decision Trees**

  A decision tree is a tool that helps calculate the expected values of the choices that are available to you.

  It uses probabilities of events happening and estimates of each possible outcome to help you make a decision. For example, if you called in to a radio contest where you got a chance to choose between a 1 in 10 chance of winning fifty dollars, and a 1 in 100 chance of winning a thousand dollars, which would you pick?

  The expected value of the first option is 10% x $50, or $5. The second option is 1% x $1,000 or $10. The second option has a better payout.
• Decision-Making

Decision-making is the process for selecting from two or more competing options. You make decisions on who you will marry (one open spot, multiple candidates), where to go on vacation (vacation locales competing for your time and money), and how you want to invest the ten grand you got from your Aunt Elizabeth.

You also make decisions in business every day. You have to decide on a configuration for the call center. You have to decide on where to build the next plant. You have to decide which customer to call next, of if you believe the story about the MP3 player being smashed when the customer got it.

• Dedicated Equipment

Dedicated pieces of equipment are machines and tools that are specified for specific tasks or workstations. The primary purpose of dedicating equipment to a specific process step is to accommodate flow. If a machine is shared, it may not be available when needed, causing items to wait in a queue.

• Defects

Defects are the undesirable results of an error in a process. In most cases, this shows up as a product or service not conforming to a specification.

Defects are often expressed as either yield of good parts, such as a 95% yield (meaning a 5% defect rate), or as Defects per Million Opportunities (DPMO).

• Define (DMAIC Step)

The define step of DMAIC is where the problem statement is created, the project is scoped, and the team is created. The define step lays the foundation for the success of the project.

A central part of the define step is to build a business case. That simply means gaining a clear understanding of why the project is important and what it will mean to the business when it is completed.

• Delegation

Delegation is the act of appointing another person or group, usually a subordinate, to perform a specific task or role.

For delegation to be successful, it should include the transfer of power along with the assignment—the authority of the subordinate to act on the boss’s behalf.

• Delivery
Delivery is one of the legs of the QDC (quality, cost, delivery) acronym. It is a very simple concept—to get paid, you have to get your product to your customer.

- **Delphi Method**

  The Delphi method of predicting outcomes has been around for a long while, but is not widely used in continuous improvement. It is the process of anonymously posing similar questions to many experts and using their results to further a discussion to predict a future outcome.

- **Demand Windows**

  Demand windows are periods of time when customer demand is relatively stable. For slow growth or mature products, the window can be extremely long.

  For other products, demand windows can change seasonally (think water skis), hour-by-hour (think fast food), or can trend steeply up or down.

- **Demand, Customer**

  Customer demand is the ‘pull’ from a customer. While the demand can be for a free product (such as The Continuous Improvement Companion), the great majority of time, customer demand is what customers actually want to purchase.

  Don’t confuse customers saying they want to purchase something with actually buying something. There is a considerable fall-off between a customer admiring a product or service, and then actually opening up her wallet.

  Knowing your customer demand is critical to Lean operations. Customer demand plays a role in determining takt time, and in developing kanban quantities—both fundamentals of Lean.

- **Deming Cycle**

  The Deming Cycle, also known as the Plan-Do-Check-Act (PDCA) cycle is a standardized system for...

  - making gains in quality
  - conducting continuous improvement

- **Design for Manufacturing (+ 8-Page Lean PDF)**
Lean operations can only compensate so much for a poor design. Planning ahead during the design process, though, can maximize the potential impact Lean can have on an operation. Visit this Lean term page to download a FREE 8-Page PDF about Design for Manufacturing.

- **Design of Experiments**

  A ‘Design of Experiment’ (DOE) is the process of determine the interaction of KPIVs (Key Process Input Variables) on the output of a process. It attempts to quantify the relationship of the variables in order to optimize the settings for that process. A key point of the design of experiment process is that it changes several variables at once. That allows the statistics behind the process to identify interactions between the KPIVs. The design of experiments methodology is closely associated with Six Sigma.

- **Diminishing Returns**

  Diminishing returns happen when resource (time, effort, money, space) yields less output than it did at an earlier time.

  In math jargon, diminishing returns happen when the productivity curve starts to flatten out.

- **Dirty, Dumb, or Dangerous (+ 5-Page Lean PDF +MP3)**

  Dirty, dumb, or dangerous jobs make work far harder than it has to be and erodes job satisfaction. It follows that eliminating those problems will have a big impact on engaging employees. Visit this Lean term page to learn more and download a FREE 5-Page PDF about dirty, dumb, or dangerous jobs.

- **Discipline**

  Discipline is the process of changing a behavior to make it conform to a rule or standard. For many people, discipline has a negative connotation to it, especially when it is their behavior that is being adjusted.
In truth, though, discipline is more than repeating the standard and doling out punishment.

- **Disputes**

  Disputes are about *processes* are disagreements or differences of opinion about the way that something should be done. Disputes are nothing new at work.

  In Lean companies, the challenge is that processes are always changing. This provides multiple opportunities for disputes to arise.

- **DMAIC Cycle**

  The DMAIC cycle takes the DMAIC process one step further. It links the end of one project, the ‘Control’ step, to the beginning of the next one (the ‘Define’ step).

  The rationale behind linking DMAIC cycles together makes a lot of sense. When controls are applied to *processes*, deviations become more apparent—after all, much of establishing controls involves measuring processes. Data starts to fill knowledge voids, providing new opportunities to continue the DMAIC cycle when previously unidentified problems become apparent.

- **DMAIC-Lean Six Sigma Problem Solving**

  Lean makes extensive use of the term *flow*. As a result, one of the most common teaching analogies Lean practitioners use is that of a meandering river being slowly but surely turned into a deep, straight, fast moving channel.

  That flow starts at the supplier, and finishes at the customer. As a result, ‘downstream’ refers to any movement in the direction of the customer.

- **Documentation**

  DMAIC is an acronym for *problem solving* in the Six Sigma process. It stands for Define-Measure-Analyze-Improve-Control. The pronunciation is Duh-May-Ick.

  While Six Sigma = DMAIC for many people, there is another improvement method that also uses DMAIC: Lean. If you look at the kaizen process, you will notice that it follows nearly the same steps as the DMAIC methodology. Other problem solving methods have similar approaches as well. For example, the 8D process very closely parallels the DMAIC methodology.

- **Downstream**

  Lean makes extensive use of the term *flow*. As a result, one of the most common teaching analogies Lean practitioners use is that of a meandering river being slowly but surely turned into a deep, straight, fast moving channel.
That flow starts at the supplier, and finishes at the customer. As a result, ‘downstream’ refers to any movement in the direction of the customer.

- **Drawers**

When using drawers to store equipment, one expression stands out: Out of sight, out of mind. Things in a drawer tend to get piled up, misplaced, and forgotten about. Drawers take time to open and close, and slow down processes. They hide things.

Bottom line: Drawers are fine for storage, but they hinder 5S and flow in a production environment.

- **Drift (Process)**

Most processes change over time. A car will age, and as it undergoes normal wear and tear, gas mileage will worsen. It won’t be an overnight change, but it will trend downward. This is drift. Processes, with no visible changes, often slowly perform differently. A fixture may loosen up over time, making it take longer to fasten the product in place. A measuring device may be subjected to a series of small bumps over time the slowly changes its readings, making subsequent tasks take longer.

- **Drum-Buffer-Rope**

Drum-Buffer-Rope is a production theory derived by Dr. Eli Goldratt in his book, The Goal. In it, he advocates production according to the pace set by a single machine (the drum) with linked production (the rope). He also promotes...

- **Economy of Scale**

Economy of scale means that an organization is structured in such a way that as production volumes rise, per unit costs fall. In effect, this is a fancy of way to say ‘bigger is better’.

It is based on the idea that a product has two basic components to its cost, fixed and variable. Fixed costs stay constant as production fluctuates, and variable costs shift as production changes. The cost of a building, for example, stays constant regardless of whether zero units or a million units are produced inside of it. The spending on widgets that go into the Widgetron 2000, conversely, goes up and down with the ebb and flow of production.

- **Effectiveness**

Effectiveness is like the transmission of a car. It turns potential into results.

Of course, there are two implications here. The first is that an individual has skills or characteristics that can lead to the desired outcome, or that a machine or process has the right capability and enough capacity.
Just having the skills is not enough, though. A college degree doesn’t make a person effective at a job. It just tends to raise the potential of high performance. A fast machine doesn’t guarantee that the machine will be effective in a value stream. It just means that the manufacturing math can work out.

- **Efficiency**

  Efficiency, in the strictest sense of the definition is being able to produce something with the minimum amount of time and resources. Efficiency in Lean comes with a few cautions.

  The first warning regarding efficiency in Lean is to make sure you are using the term the same way that the people around you are. The definitions of efficiency, productivity, and utilization are all used in different ways by different people.

- **Emotions**

  Job emotions are rarely talked about. But let’s begin with emotion in general. Emotion is something that we are all familiar with. It is the internal reaction we have to things—the shriek when if you win the lottery, the gasp at the bad news, and the anger when someone tells us we are going to have to change our process.

  Job emotions, though, tend not to be outwardly expressed. People might burst into song with their kids at home. It seldom happens at a successful business meeting. Anger is expressed more vocally to friends on the basketball court than to bosses on the shop floor. Fear is addressed with spouse more than with coworkers.

- **Employee Engagement**

  Employee engagement describes a state of workers’ full commitment to the success of the company.

  Employee engagement is characterized by the worker making the extra effort and linking her personal success to corporate success.

  Employee engagement relies on two factors:
  
  - job satisfaction
  - The ability to contribute in his role

- **Enforcement**

  Enforcement is the act of compelling someone to follow a standard. Think of enforcement as the strong arm of discipline.

  With good discipline, people are inspired to follow rules and meet standards. But, as in all things, there are long tails on the discipline bell curve—some people naturally do the right things (especially engaged employees). Others need a push in that direction now and again. That’s where enforcement comes in.
• **Engineers**

Engineers, not surprisingly, are people who are specially training in an engineering field. In a nutshell, they design solutions to a problem.

*Types of Engineers:*

- **Design engineers** solve problems by creating a product.
- **Software engineers** solve problems with code.
- **Manufacturing engineers** create processes to solve problems.

• **Ergonomics**

Ergonomics is the broad study of how people interact with their environment. It covers a wide range of these interactions—from how people fit into their cars, to the way tools feel in people’s hands, to motion in the workplace. As with your car, a proper ‘fit’ in the workplace makes a job much easier to perform. More importantly, it also can help to reduce injury.

There is a strong relationship between ergonomics and repetitive stress injuries. Lifting heavy objects at uncomfortable angles is also known to cause injury. Finally, fatigue occurs in poorly designed work areas. This can contribute to a higher injury rate because tired people tend to make more mistakes than rested ones.

• **Errors**

Preventing errors is one of the ways Lean helps reduce waste.

Before we talk about preventing errors, let’s first talk about what errors are. They are the gap between what happened and what should have happened. Simply put they are mistakes.

Errors link to defects. Every defect that is identified can be tied to some error in an upstream process. It might be a supplier error, but it is still an error. Obviously, preventing errors in the first place prevents defects that can slip through to customers. Preventing errors reduces waste—an important foundation of Lean.

• **Evidence**

Evidence is the data that supports a theory. It is what separates opinion from fact.

**Lean** relies heavily on problem solving to make improvements. In order to get to the root cause of a problem, people in Lean companies must act like detectives, uncovering evidence to understand processes better.

• **Executives**
Executives are the senior leaders in an organization. They make the sweeping decisions that affect a large cross-section of the company at the same time. These senior leaders are usually the ones responsible for bringing Lean into an organization and setting the course that it will follow.

- **Expectations**

Setting expectations is part of the relationship building process—whether between a boss and a subordinate, or a Lean advocate and the rest of the company.

One of the things that sets the human mind apart from that of animals is our ability to look into the future. That is generally a good thing, but there is one challenge that can come from this. When people look forward, they set expectations in their mind. When reality does not match up with this premonition of the future, anxiety, anger, or a host of other negative emotions can set in.

- **Experience**

Does experience matter anymore? Despite the fact that people talk about experience with a degree of reverence, it has a changing role in continuous improvement.

Experience is defined as having knowledge or practical wisdom from having done something. The more it was done, the more experience a person gained.

- **External Setup**

Setup is the process of preparing a machine to run a product. Some of the steps of a setup must be done while a machine is shut off. That is known as internal setup.

External setup is when...

- **Fabrication**

Fabrication is the act of taking stock material and turning it into a part for use in an assembly process. There are many different types of fabrication processes. The most common are

  0. **Cutting.** There are many ways to cut nowadays. The old standby is the saw. Others now include plasma torches, water jets, and lasers. There is a wide range of complexity and cost, with some machines costing in the millions.

  1. **Folding.** Some parts need to be bent. The most common method is a press brake (or brake press). It has a set of dies that pinches the metal to form a crease. This operation can only be performed in very specific cases due to the movement of the part and the possible shape of the dies. Designing for Lean manufacturing, though, can help prevent complex shapes that slow down production. Sometimes using two different types of fabrication processes or two different pieces fastened together work better than one complicated piece.

- **Facilitation**
The dictionary definition of facilitation is to make something easier. In this broad definition, facilitation covers a lot of ground. But in the continuous improvement definition, facilitation has a few common characteristics.

0. Facilitation is generally done for groups, not for individuals.
1. Facilitation is most common for discrete projects. You might see a facilitator for a kaizen event, but probably not just to help with day-to-day operations.
2. Facilitation should focus on tools, not processes. A facilitator should walk teams through a decision making process, not make the decision for them.
3. Facilitation should focus on getting good results, not on implementing a particular method.

- **Facilitator**

A facilitator is an individual who instructs, coaches, and guides project teams towards their continuous improvement objectives.

This person may be facilitating as a...

- **Factory**

A factory is a discrete building or group of buildings that produces a product or product line.

The first image that comes to mind with the term factory is often a car manufacturing facility, like those run by Toyota (a company well-known for its Lean manufacturing).

- **Facts and Data**

Facts and data are the supporting evidence for making decisions. Gathering facts and data is a key part of any problem solving process, but it becomes particularly important in Lean.

- **Fatigue – Employee**

Fatigue is the state of physical and mental state of tiredness that results in diminished capacity to perform a task or function. Because it increases the likelihood of errors, quality problems and rework, employee fatigue is an often unrecognized form of waste that can impact the safety of the workplace.

- **Feeder Lines**

Feeder lines are a very specialized branch of a main assembly line. Generally, they are used when there is a different amount of work required for an option or for the most time intensive product on a mixed-model assembly line.

Feeder lines will run on their own takt time. The demand on the feeder line is determined by the station that it supplies parts to. It will run at a different pace than the main assembly line.

- **FIFO (First In First Out)**
FIFO (First In, First Out) is most commonly known as an accounting term. It simply means that the first inventory into the accounting system is the first that is recorded as used. The opposite, LIFO, or “Last In, First Out” means that the most recently purchased materials are the first ones recorded as consumed.

FIFO and LIFO accounting each has its own advantages and disadvantages, primarily attributed to inflation. For example, when prices rise, LIFO more accurately captures true cost of the goods, while leaving older, less expensive material on the books.

- **FIFO Lane**

A FIFO lane (First In, First Out) helps manage flow in a process. It is exactly what it sounds like. The first item coming into a process is the first one worked on.

FIFO lanes provide consistency and predictability. They create a link between a process and its upstream supplier.

- **First In First Out (FIFO)**

See FIFO.

- **First Pass Yield**

First pass yield (FPY) is a metric that indicates the percentage of items moving through a series of processes without any problems.

The basic equation for first pass yield is:

\[ \text{First Pass Yield} = \text{Process 1 Yield} \times \text{Process 2 Yield} \times \ldots \times \text{Process 'n' Yield} \]

- **FISH / First In, Still Here**

FISH, or “First In, Still Here” is a tongue-in-cheek term for excessive inventory. It is a play on the terms FIFO (first in, first out) and LIFO (last in, first out).

- **Fishbone Diagram**

The fishbone diagram (a.k.a. cause and effect diagram, a.k.a. Ishikawa Diagram) is a way of linking the causes of a problem to the observed effect.

The diagram groups the causes in categories along the spine. The distinctive shape of the tool gives the fishbone diagram its name.

- **Five “Whys”**

See 5 Whys.
• **Fixtures**

A manufacturing fixture holds parts during the manufacturing process. Fixtures come in a wide range of types.

In their simplest form, they may be a series of pins sticking up from a flat surface to keep a part from sliding. They can also be much more complicated, with a series of mechanical or hydraulic clamps to lock a part down into an automated rotating frame.

• **Flat Surfaces**

Flat surfaces are bad for work areas.

0. They collect dirt, dust, debris, etc.
1. They don’t support **processes**.
2. People use them for storage.

• **Flexibility**

Process flexibility applies both to the ability to rapidly change model mix as well as to change layouts of your facility. As continuous improvement speeds up its pace, you will find that your production areas enter a state of constant flux.

Build process flexibility into your workstations. Suspend power and air lines from the ceiling, and attach them to the top of your workstations with quick disconnects. Put your stations on wheels. Make them small enough to get through door openings, or make your doors wider. Break big workbenches into multiple small ones to add more flexibility to process improvement.

• **Flow**

Making operations flow is the ultimate goal of Lean. When all the **waste** is reduced, every **process** is improved, and the excess inventory is eliminated, you are left with work that effortlessly glides through operations.

Flow is often talked about reverently. The **senseis** I worked with from a premiere Japanese consulting group frequently talked about flow. Next to “waste”, flow was one of the few words they would speak in English-to stress its importance.

• **Flow Chart (+ 11-Page Term on PDF)**
Flow charts are an instrumental tool for continuous improvement and problem solving. Their visual nature make waste and complexity jump out, highlighting improvement opportunities. Review this term online, watch a short video, or download a FREE 11-Page PDF on Flow Charts.

- **Flow Production**

Flow production is one of many names used to describe a system of production that predominantly follows Lean principles.

It is typified by single units of work moving directly from one process to the next without stopping in queues. That state of streamlined motion is known as **flow**, and is the holy grail of **Lean** production.

- **FMEA Worksheet / Failure Mode and Effects Analysis Sheet (+Form)**

The FMEA Worksheet provides a means of assessing and managing risk associated with a new product release or a new Lean process.

**Format:** XLSX  
**Regular Price:** Free for Registered Users

- **Follow-Up**

Follow-up is the act of making sure that

- something was supposed to be done was, in fact, done, or
- that something that was done is working as planned

- **Form, Fit, and Function**

“Form, fit, and function” are most commonly discussed in relation to the design of an object, or when considering if a process is value added or not.

- **Form:** Form is the physical characteristics of the product. It includes things like shape, weight, color, material, etc.
- **Fit**: Fit is short for ‘fits intended application’. Alternatively, it may also reference whether the physical dimensions of a part fit into the product it was designed to go into.
- **Function**: Function is what the product actually does.

**FPY (First Pass Yield)**

See First Pass Yield.

**Frontline Employees**

Frontline employees are the people who do the ongoing production work in an organization. While the range and skills of frontline employees vary widely, most of the entry-level jobs within the company fall into this category. That is not to say all jobs are entry-level. There are many senior production workers, especially among skilled fabricators and machine operators.

**Frontline of Change**

The people actually doing a process a new way are at the frontline of change. They are the ones who must enforce new processes with internal customers, manage changes with suppliers, or work with customers to educate them about the new and improved methods.

Working at the frontline of change can be physically challenging, as it often demands long hours during the adjustment period, but it can also be emotionally draining.

**Frustration**

Frustration is the feeling of anxiety or dissatisfaction that results from the gap between expectations and reality. Frustration happens when problems are unsolved and when things don’t go according to plan.

Lean depends heavily on employee engagement and job satisfaction to work at its best. Frustration reduces job satisfaction, thereby lowering the effectiveness of Lean efforts.

**FTE**

FTE, or ‘full-time equivalent’, is a way to normalize staffing decisions. In the modern workforce, particularly in administrative environments, employees perform multiple functions, or work unusual schedules.

Using FTE to determine the size of the workforce makes accurate productivity and cost measures possible. A full-time equivalent ‘person’ is simply 40 hours of working time. This could be a single person working in one role, or four people each working 10 hours on a particular job.

**Full-Time Equivalent**

See also FTE.
• **Functional Layout**

A functional layout is a workplace organization in which processes are organized by the type of work (function) rather than by value stream or in a cellular configuration where sequential process steps are located in close proximity. In a functional layout, for example, the cutting machines would be in one location, the press brakes would be in one group, the welders would all be together, and so on.

The same is true in office environments. Each functional group sits together in a work area, and supports multiple product teams.

• **Future State Value Stream Map (VSM)**

A future state value stream map (VSM) is simply a projection of how a value stream should look in the future, generally 6 to 12 months.

When a current state value stream map is created, problem areas become apparent. The bottlenecks where inventory piles up, processes with poor quality, and operations requiring excessive coordination should all be marked with kaizen bursts, which indicate areas of focus for the future state value stream map. Operations where work is pushed downstream should also be highlighted.

• **Gap Analysis**

Gap analysis is the art of identifying where performance or capability falls short of needs, and of coming up with an effective way of addressing that gap, also occasionally referred to as the ‘delta’.

That delta comes in one of two forms. The first is that there is a gap in capability. For example, you want to be able to paint your products, but have no paint shop in your organization.

• **Gauge**

A gauge is a measuring device. A gauge can be as simple as a piece of string cut to a specific dimension or a cutout of an animated character with an outstretched arm with the caption, “You must be this tall to ride this attraction.”

On the other end of the spectrum, a gauge can be a calibrated pressure sensing device or a laser measuring device.

• **Gauge R&R**

Gauge Repeatability & Reproducibility (Gauge R&R) uses a statistical method (ANOVA) to analyze the variation in a measurement system. It determines if a measurement process is repeatable, meaning if you measured the same thing several times the results would be consistent. It also determines if a measurement process is reproducible, meaning that someone else can step in and do the measurement
with the same results. Gage R&R assesses the whole system, not just the measuring device. Individual instrumentation is not checked, but rather the use of the instruments in a specific application.

- **Gemba (+4-Min MP3, +6-Page PDF)**

  You can’t really understand a process until you see it at *gemba*—the real place where the work is done. Learn about this term, answer a poll question, listen to a short audio program, and download a FREE 6-Page PDF on *gemba*.

- **Gemba Walk**

  A *gemba* walk is a leadership process in which a manager walks through his or her areas of responsibility in order to gain a better understanding of how the operation is running. The term “*gemba*” means “the real place” in Japanese. The level of structure of a *gemba* walk varies by the individual. They range from a simple walkthrough on up to a formal checklist containing specific things to look for.

  Gemba walks should be a regular, recurring part of a leader’s personal standard work.

- **Gembutsu**

  *Gembutsu* is a Japanese word meaning ‘real thing’. It is one of the components of the ‘Three Reals’ meaning go to the real place (*gemba*) to see the real thing (*gembutsu*) and collect the real facts (*genjitsu*).

  This term simply means that there is no substitute for seeing something with one’s own eyes. Far too often, people hear about a process or problem, and take what they hear as fact. Watching an actual item being made or form being processed gives an increased level of insight that helps with problem solving as well as making improvements.

- **Genchi Genbutsu**

  Genchi Genbutsu is a Japanese term that loosely translates to “go and see”. Essentially, it means to go to the actual spot where actual work is happening on the actual product to confirm your conclusions.

- **Go / No-Go Gauge**

  Many parts and instruments have specifications that call for a tolerance. That just means that there is a given range within which the part has acceptable quality.
One way to determine if the part is good is to measure and compare the results to the specification. This, however, is a slow process.

- **Go to Gemba**

  The refrain ‘Go to Gemba’ simply means to go to the place where the work is being done for answers to process questions.

  Far too often, *kaizen* teams will discuss a process while sitting in a conference room. Instead, they should ‘go to gemba’ and be where the action is. Actually being close to the sights, sounds, and smells of a shop floor makes the nuances of a process leap out at you.

- **Goal Setting**

  A simple goal setting definition is that it is just the act of declaring something that you want to achieve, and putting some specific parameters around the end result—the who, what, when, where, why.

  This goal setting definition, though, is overly simplistic. Goal setting has a large component of an art form to it. It requires knowing yourself and your team, and having a realistic understanding of everyone’s capabilities.

- **Green Belt**

  A “Green Belt” is a certification that indicates a person is qualified to lead a Six Sigma project or, less frequently, a *kaizen* team in Lean.

- **Groupthink**

  Groupthink is the condition in which individuals set aside their beliefs and concerns to conform to group opinion. This is most commonly done because people value the cohesion of the group more than the risk of a poor outcome.

  While the term was first coined by William H. Whyte in *Fortune* magazine in 1952, a Yale psychologist, Irving Janis, did much of the early work on the theory.

- **Growth**

  Growth is the driver of stock appreciation. The basic way investors determine what to pay for a stock is to look at the value of its assets, minus its liabilities, and then factor in expected future earnings.

  With growth, those expected earnings get bigger, and the company’s stock prices go up. The reverse is also true.

- **Guidance**
Guidance is the way that a leader or mentor provides assistance to another person to help her reach her goals.

Guidance is more general in nature than specific directions. The goal is to help a person make a good decision on her own, not to tell her what to do.

- **Guidelines**

  Guidelines are general instructions on how to make decisions. Unlike specific policies and processes, guidelines are not rigid. Guidelines are loose blueprints for success, such as ‘Don’t swim for 30 minutes after eating.’

  Contrasting with policies and rules, there are generally no sanctions for disregarding guidelines.

- **Hammers**

  Enter a heavy manufacturing facility, and you will likely hear the ‘clank, clank, clank’ of metal hammers, or the dull thud of a dead blow hammer. Hammers are used to compensate for a quality problem elsewhere. In most cases, they are used to ‘adjust’ a component, or install something that was designed with too little tolerance to be easily assembled.

- **Handoffs**

  Handoffs are the times work is passed from one person to another person. In most cases, a handoff entails reorienting the work and getting it ready to add value to it.

  Handoffs in manufacturing act a little like a speed bump. It creates a hiccup in the flow of work. When the handoff is disjointed, the effect is bigger. Think of putting parts into a cart that sits in queue, and then has to be wheeled over to the next step in the process. The poor handoff creates waste.

- **Hanedashi**

  A hanedashi device is an automatic part ejector. It reduces waste when an operator approaches a machine to load the next part. In a machine without a hanedashi device, the operator would have to set down the new part that he would be carrying to the machine, pull out the completed part and set it down, pick up the new part, load it, and then pick up the completed part again.
**Hansei**

*Hansei* is a Japanese term that loosely translates to self-reflection. In practice, though, it is much more than that. *Hansei* requires several things.

0. A person must recognize that there is a problem in personal performance. *Hansei* is not a run-of-the-mill assessment tool. It looks at personal failings rather than system or process problems.

1. The person must take responsibility for the shortcoming. Being called on the carpet is not the same as *hansei*. Owning the mistake is a critical part of this form of reflection...

**Hard Savings**

Hard savings are those that are directly attributed to an actual expense. There should be no confusion about how much was actually saved, as there is an invoice, payroll stub, bill, receipt, or the like associated with the expense.

**Hawthorne Effect**

The Hawthorne Effect originated from experiments at the Hawthorne Works, owned by Western Electric, in Cicero, Illinois in the first half of the 1900’s. While there were a variety of experiments, the most commonly referenced study was about illumination.

Researchers conducted a series of experiments to identify the optimal lighting levels in the workplace. Initial findings showed that increasing lighting levels resulted in productivity increases. The effects, however, were short-lived. Continued experiments showed that whenever lighting changed, either brighter or dimmer, there was an increase in productivity. This led to a series of further experiments over an extended period that looked at other factors affecting worker performance.

**Heijunka**
The common *heijunka* definition, production leveling, means transforming the typical peaks and valleys of *customer demand* into something flatter. That flatness, in turn, makes *standardizing* production *processes* easier.

- **Henry Ford**

Henry Ford (July 30, 1863 – April 7, 1947) is the man most widely known as the founder of Ford, and as the man who invented the moving *assembly line*. While the first is true, the second common belief is a bit inaccurate. Ford actually popularized the moving assembly line; he didn’t invent it. There were numerous other examples of moving assembly lines prior to Henry Ford’s 1908 line producing the Model T.

In fact, Henry Ford was not even the first to mass produce automobiles in the US. Ransom Olds (of Oldsmobile) beat him to the punch in that area. Henry Ford was just the more successful, primarily because of his relentless attack on *waste*.

- **Hidden Factory (Hidden Process)**

A hidden factory is the set of undocumented and unstaffed processes that are done in an organization.

When you dive into a process, you will often find two methods of doing it. The first is the documented method, or the one described by the *operator* as what he or she does. This is often the method that is used for timing, and ultimately for planning the capacity of an operation.

- **Histogram**

A histogram is a specialized form of bar chart that shows the distribution of the data it is representing.

Each bar represents a uniform range of data values, with the height of the bar showing the number of occurrences that fall into that range.

- **Hoshin Kanri**

*Hoshin kanri* is a Japanese term meaning policy deployment or strategic planning.
• **How You Think Links**

The “How You Think Links” model depicts an overview of the process that a person typically follows to progress from an event occurring to taking action and ultimately, to getting a result.

The basic steps are:

  o **Event**
  o **Interpretation**
  o **Emotion**
  o **Decision**
  o **Action**
  o **Result**

• **Implementation**

An implementation is simply the act of putting a plan into effect. It can also refer to a change in a strategy or a system.

In **continuous improvement**, the term ‘implementation’ commonly refers to **Lean** as a whole, or can mean implementing the system-based tools, such as **pull**, **kanban**, or **standard work**.

• **Important vs. Urgent (+ 9-Page PDF)**

Distinguishing between important and urgent can mean the difference between spending all your time firefighting, and being able to move on to fire prevention. Learn more and download a FREE 9-Page PDF on importance and urgency.

• **Improvement, Daily**

See also Daily Improvement.

• **Improvements**

Improvements are simply changes for the better. **Lean** and other **continuous improvement** philosophies all focus on using some sort of problem solving method to drive improvement. Improvements can range from new, better computer systems, to **kaizen** events, on down to moving a garbage can closer to the point of use.
- **Indicators**

Monitoring indicators give companies a sense of what is going on, or what is going to happen.

An indicator is a signal that can be used to understand or predict a behavior of a person or system. A poker player has ‘tells’. By identifying and monitoring those indicators, his opponents try to predict the player’s behavior.

- **Indirect Costs**

Indirect costs are those expenses that are not directly attributable to a single cost center or cost object (product line, service, etc.) Indirect costs may include shared resources or overhead.

- **Industrial Discipline**

Industrial discipline is the act of doing the right thing on the shop floor. Industrial discipline means practicing 5S and putting tools away, using andons and reporting problems even if they make you look bad, and following Standard Work every time.

- **Information**

Information is application of data in context. Information also has the element that it can be acted upon. The weight of an elephant, for example, is a piece of data. Knowing if a bridge is strong enough for the elephant to cross is information.

Information can be costly to acquire. Generally speaking, the harder a piece of information is to learn, the more of a competitive advantage it bestows. When everyone knows something, there is often no way to use the information in a unique way.

- **Information Technology (IT)**

Information Technology (also known as IT) is the group primarily responsible for maintaining a company’s computer and communications systems.

Information Technology groups are also responsible for selecting, installing, updating, training, and troubleshooting the software systems in a company.

- **Initiative**

Initiative is taking action on one’s own. It generally involves going above and beyond a typical job description, or working outside of one’s functional area.

Many bosses want employees to take more initiative, especially in Lean companies, but fail to establish some of the basic prerequisites.
• **Inputs**

Inputs are the factors that are necessary to complete a **process**. They may be environmental (heat, humidity), labor, material, or anything else that is required.

Some inputs, though, are not intentional—the proverbial ‘flies in the ointment’. Controlling these inputs is critical to delivering high quality results from a process.

• **Inspections**

An inspection is a review to confirm the **quality** of a product. Inspections vary widely in their formality, and in the location where they are done.

The closer an inspection is to the point where an **error** is made, the quicker the problem can be corrected.

• **Intangibles**

Intangibles are those things that are not clearly perceptible. Many of the benefits of Lean appear, at first glance, to fall into this category.

Upon deeper consideration, though, you will likely find that many intangibles can actually be measured. ‘Morale’ seems intangible, but can be measured by turnover, satisfaction surveys, or even the quantity of laughter in the company.

• **Intelligence**

Intelligence is one of the many facets of ‘smartness’ Intelligence is the capacity to learn. It doesn’t always translate into actually possessing knowledge. Having the capacity to learn does not mean that one has actually learned.

Intelligence is a highly valued trait in Lean, as continuous improvement works best in a learning organization—one that assesses shortcomings, and seeks understanding about why problems happened. People are also often asked to use new tools or work outside their comfort zone, both of which benefit from intelligence.

• **Intermittent Problems**

Intermittent problems are simply ones that don’t occur every time a **process** is performed. The inconsistency with which intermittent problems present makes them extremely hard to resolve.

The most common form of intermittent problem is the computer glitch. Something happens once, and then the **problem** goes away for a while.

• **Internal Setup**
An internal setup is a task done to get a machine ready to switch from one product to another that must be done when the machine is stopped. Obviously, the problem is that internal setup limits the time a machine can be running.

As part of any setup reduction effort, improvement teams should first try to change any internal setup to an external setup, meaning it can be done while the machine is running. While this can make the setup take longer, the additional time is spent while the machine is running, so it doesn’t impact the throughput of the machine.

- **Internal Suppliers**

A supplier who is a part of the same company as its customer is an internal supplier. They may provide products or services. They are the upstream processes and the support groups that provide their coworkers with the tools to do their jobs.

Internal suppliers and customers often have a rocky relationship. Because no money is changing hands, their customers don’t limit what they ask for. There is little way for an internal supplier to really understand what is most important to their customers. External customers, because they speak with their wallets, show their priorities in what they are willing to pay for.

- **Interruption Log**

The Interruption Log helps team members identify the various sources of distraction that disrupts their work flow throughout the day.

| Format: XLSX | Regular Price: Free for Registered Users |

- **Interviews vs. Interrogations**

In continuous improvement, you often have to go out and collect information from people. Sometimes it is from observations. Often, though, you will be speaking directly to people doing the process, and you will be asking them questions.

Keep in mind one important distinction. Interviews generally seek answers. Interrogations seek confessions. Don’t go into an interview with the intention of figuring out who is at fault for a problem.

- **Inventory**

Inventory is the collective term for finished goods that you intend to sell, and the components that go into those goods.
Inventory is a necessary evil of production. Without inventory, nothing could be built, and nothing could be sold. But too much inventory drives up costs. Inventory must be stored, managed, moved, and insured. Obsolete inventory must be disposed of. Large quantities of inventory require large warehouses, forklifts, and staff. Plus there is, of course, the capital (invested money) that goes into purchasing the inventory in the first place.

- **Investments in People**

  Investments trade current resources for future gains. The most common forms of investment include:

  - Financial holdings designed to provide a return on investment (ROI) in the form of appreciation, dividends, or interest.
  - Physical holdings intended to appreciate or generate income, such as real estate
  - Physical items used to create other products or provide services, such as software systems or CNC machines

- **Issues**

  Although this is not specifically a Lean term, ‘issue’ is a starting point for many forms of Lean problem solving. An issue is much like a ‘problem’. It looks like a problem. It smells like a problem. It feels like a problem. Only, it’s not a problem. It’s an issue.

- **Jidoka**

  The most common definition of *jidoka* is ‘autonomation.’ It is Japanese in origin, as are many specialized words in Lean. *Jidoka* traces its roots back to the early 1900’s at Toyota in Japan, then a textile manufacturing company. Sakichi Toyoda, an inventor and the founder of Toyota, developed a device that could detect broken threads in a loom and stop the machine from producing defective material. This concept, in which intelligence was added to machines, enabled companies to greatly increase the number of machines a single operator could run—with very little extra effort on the worker’s part! With *jidoka*, production becomes much easier for operators and much more profitable for companies.

- **Job Descriptions**

  Job descriptions exist for nearly every position in nearly every company. They outline the overview of the job, responsibilities, work activities. They should also list job requirements, and clearly spell out which are mandatory, and which are ‘like-to-haves’.

  Job descriptions are most commonly used for recruiting purposes or during annual reviews.

- **Job Rotation**

  Job rotation is an important concept in Lean. Simply put, it is the act of periodically moving people around to different tasks, accounts, or workstations. The rotation may be on a set schedule, or on an ad hoc basis.
Cross-training is a prerequisite for successful job rotation.

- **Job Satisfaction (+ 9-Page Lean PDF)**

  Job satisfaction is important in any company, but it carries even more weight when a company is focused on continuous improvement. Employees are expected to take the initiative and they won’t if they are dissatisfied. Download a FREE 9-Page PDF to learn more about job satisfaction.

- **Job Security**

  Job security is the feeling of safety that one’s job will be there in the future. Because job security is so closely linked to basic needs, like shelter and food, people react with strong emotions when their job security is threatened. In fact, job security falls into the first level of Maslow’s Hierarchy of Needs.

  On the surface, Lean and other continuous improvement efforts seem to be contrary to a person’s job security. Often, managers are excited about the prospect of improved productivity and faster employees, which loosely translates to workers as, “We won’t need as many of you to work here.”

- **Job Shop (+ 11-Page Lean PDF)**

  Applying Lean to a job shop can be a challenge, but it is also well-worth the effort. Visit this Lean term page to learn more and download a FREE 11-Page PDF about Lean job shops.

- **Just-In-Case**

  Just-in-case is a play on words of just-in-time manufacturing. Contingencies are one of the main reasons why people do many of the non-Lean activities that hurt an organization.

  - Holding inventory just-in-case a shipment is late
• **Just-in-Time Manufacturing**

Just-in-time manufacturing is the method of producing products with only a minimal amount of raw material and component parts on hand.

The concept of just-in-time manufacturing is nothing new. Henry Ford saw value in having a minimal amount of stock on hand—a concept which Taiichi Ohno took to heart as he developed the Toyota Production System. In fact, Just in Time manufacturing is one of the central pillars of the Toyota Production System.

• **Kaikaku**

*Kaikaku* is revolutionary change. Where *kaizen* is generally evolutionary in nature, *kaikaku* requires radical shifts in thinking.

Revolutionary changes tend to be far more challenging in nature and much less common than incremental improvement. Because of the broad, sweeping changes that *kaikaku* brings, it is generally driven by higher level leaders, and requires the commitment of greater continuous improvement resources than everyday improvements. It can also be hard for frontline employees to embrace the major changes that *kaikaku* brings.

• **Kaizen**

What is the meaning of *kaizen*? No translation is perfect, but *kaizen* is a Japanese word that roughly translates to ‘change for the good’.

Learning how to implement *kaizen* concepts properly goes a long way towards improving your job satisfaction in a Lean company. Why? Because you might be asked to participate in a *kaizen* blitz, a Lean event, a rapid improvement workshop (RIW), a rapid improvement project (RIP), or something else with a similar name. These all fall into one big bucket that covers the most common way people think of *kaizen* concepts: putting together a team of people from several work areas to do a week-long project to reduce waste or improve a process’s flow.

• **Kaizen Audit Form**
The Kaizen Audit Form is a tool to help sustain the gains made in a rapid improvement project. Without a sustainment plan, it is easy for teams to backslide.

Format: XLSX  
Price: Free for Registered Users

• Kaizen Event (+ 11-Page PDF)

Kaizen events are typically week-long, focused projects in which a team makes substantial changes to a process. Learn more and download a FREE 11-Page PDF on kaizen events.

• Kaizen Kit

Kaizen kits are packages of tools and supplies that support continuous improvement activities. The purpose of the kit is to streamline the kaizen process by having necessary tools and supplies gathered in advance.

The kit, if properly stocked with “artsy and craftsy” materials, or with tools that they would not otherwise think of, can also inspire creativity in teams.

• Kaizen Newspaper Form

The Kaizen Newspaper is a tool to help manage tasks during and after a kaizen project. Because of the fast pace of projects and the ad hoc schedule, communication can be a challenge. This tool helps teams stay synced up as they work to make improvements.

Format: XLSX  
Price: Free for Registered Users

• Kanban (+ 11-Page Lean PDF)
Kanban is a powerful inventory management tool that provides the stability required to improve operations. Visit this Lean term page to download a FREE 11-Page PDF about kanban.

- **Key Performance Indicator**

KPI stands for key performance indicator. KPIs are the specific, quantifiable measures by which an organization evaluates its success.

KPIs come from two main sources. The first is that they can cascade down from policy deployment and are linked to an improvement target. In that situation, a key performance indicator is the little slice of a strategy that a subordinate organization must accomplish if the company is to meet its overall goals.

- **Kitting (+ 5-Page Lean PDF)**

Kitting is a production technique that helps to control inventory as well as to prevent mistakes that come from installing too many or too few parts. Visit this Lean term page to learn more and download a FREE 5-Page PDF about kitting.

- **Knowledge**

Knowledge is the body of facts and information surrounding a specific topic. That topic can be about processes, company policies, knowing who to speak with to get things done, or general skills. In fact, it can be about practically anything.

Knowledge has the trait of specificity. That just means that it is relevant only in certain situations. A very smart person without specific knowledge can be very ineffective. Likewise, an uneducated person who knows which dial to turn can be vital.

- **Knowledge Management (+9-Page Lean PDF)**
Knowledge management is the method by which collective wisdom of an organization is preserved and shared. Learn more and download a FREE 9-Page PDF on knowledge management.

• Large Numbers, Law Of

In statistical terms, the law of large numbers is a theorem that postulates that as the size of the sample of a random variable increases, its average will approach the theoretical average. In layman’s terms, the law of large numbers simply says that over time, the more times you roll a dice, the more likely the average of the rolls will turn out to be 3.5.

If your sample size is one, meaning a single roll, you have a 2 in six chance of getting a 3 or 4, both close to the average. But you also have a 2 in six chance of being as far away from the expected average as possible by rolling a 1 or a 6. Also note that there is no chance of rolling a 3.5, the theoretical average, with a single dice.

• Last-In, First-Out

In accounting, last-in, first-out (LIFO) is a method of recording inventory. It is used to manage earnings in inflationary times. A last-in, first-out inventory system records the most recent price of materials as the cost, thereby lowering earnings. As a result, the older items, purchased earlier when prices were lower, remain on the books. In Lean systems, with low inventory, this has lower impact.

• Layoffs

Layoffs, also called downsizing, are mass terminations of employees because of a lack of work.

Layoffs pose a significant risk to Lean and other continuous improvement efforts. If employees get the idea that helping make improvements will cost them their jobs, then they will not want to make things better.

• Layouts

Facility layouts come in three basic flavors.

  0. Unplanned Layouts. Some facilities are not arranged by any master plan. As new machines are needed, they are placed where they will fit. It is fairly uncommon for this method to be used
throughout an organization, but many will have a few machines that are obviously placed where there was space.

1. **Functional Layouts / Process-Oriented Layouts.** This layout style is characterized by groupings of similar processes that serve multiple product lines. For example, there may be a welding cell, a stamping cell, and a machining shop. It is the traditional way facilities are organized.

2. **Product-Oriented Layouts.** In this layout, machines and work areas are positioned sequentially based on the steps required to build a particular product. The closer the machines are, the easier it is to implement flow. This layout often utilizes small, right-sized machines instead of large multi-purpose systems.

- **Lead Time**

In the most common definition, lead time is the time that elapses from when a customer places an order until the order is received.

Some variations on the definition of lead time look at the time from when a raw material arrives at a facility until the finished product ships.

- **Leader’s Intent**

The military has a term called “commander’s intent”. It is a part of every mission briefing in which the commander describes success and the purpose behind what he or she wants to achieve.

Unfortunately though, in any combat operation, there is a chance that a unit will find itself without its leader. Whether a simple, temporary communications glitch, or a serious injury or death, there can be a sudden leadership vacuum.

- **Leaders**

Leaders are the people who can envision a destination and inspire a group of others to join them on the journey to that goal.

Leadership can be both formal and informal. In formal leadership roles, the leader is designated by someone of higher authority to act in that capacity. The role may be a permanent position, or it may be a temporary assignment, such as a kaizen leader.

- **Leadership**

In short, leadership is the act of one person uniting and motivating others toward a common goal.

Leadership is part natural (as in “natural-born”), but is refined greatly through training, practice, and constant learning. Confidence in oneself is a key component of leadership.

- **Lean (+Video)**
In its original definition, Lean is a form of continuous improvement that springs from the Toyota Production System (TPS). The term ‘Lean’ was popularized in the landmark book, Lean Thinking. It focuses on improving flow, with a heavy emphasis on reducing inventory.

Nowadays, though, there is also a broader definition. Lean has come to mean any effort to do more with less. For some, it has even become interchangeable with the terms ‘waste reduction’, ‘continuous improvement’, or ‘process improvement’.

- **Lean Accounting**

  Accounting is a necessary part of any business. It is critical to know if the actions a company is taking are making it profitable, or if they are causing the business to bleed cash. Accounting in the best of situations has its challenges. But the advent of lean has made for some tricky situations in which traditional accounting methods may actually show Lean efforts as having a negative impact on financial performance.

  This is most pronounced in the methods traditional accounting uses to account for inventory and for standard costs. For example, traditional accounting shows that lower standard costs mean more profit. Lean accounting, however, understands that creating flow through setup reduction and running smaller batches will increase standard costs, but reduce overall costs of production.

- **Lean Implementation**

  A Lean implementation is the initial period of time when a company or organization is putting Lean in place.

  While most people look at it as a discrete event, in truth, there is often a long period where different parts of an organization are rolling out Lean. So, different departments within the company may be at different stages in their Lean implementation.

- **Lean Manufacturing (+Video)**

  Lean manufacturing is the business philosophy of relentlessly eliminating waste to improve flow in a production environment.

  Lean manufacturing has evolved into something far more widespread, and now Lean encompasses offices, construction, service, hospitals, and even government.

- **Lean Office (+14-Page Lean PDF +Video)**
Despite its reputation as a shop floor philosophy, Lean has migrated to office environments. While there are variations on how it is applied, it has unquestionably passed its infancy, and is providing stellar improvements to administrative operations. Visit this Lean term page to download a FREE 14-Page PDF about the Lean Office.

- **Lean Six Sigma**

  Lean Six Sigma is the combination of Lean and Six Sigma into a single business philosophy.

  Lean is commonly thought of as a way to improve process speed. Six Sigma is primarily considered a quality tool. In truth, though, the two both share a lot of the same tools, and both focus heavily on problem solving.

- **Lean Tools**

  Lean tools are the individual components of a Lean system.

  The most common Lean tools are:

  - 5S
  - Countermeasures
  - Jidoka
  - Kaizen
  - Kanban
  - Pareto (80/20) charts
  - Process flow charts
  - Poka yoke
  - Pull / Just In Time Manufacturing
  - Single Minute Exchange of Die (SMED)
  - Standard Work
  - Total Productive Maintenance
  - Value stream maps
  - Visual controls

- **Level Loading**

  Level loading, also known as heijunka, is the practice of using demand estimates to establish an average production level.
By smoothing the demand, Lean companies can standardize their processes better, and can match their capacity to the current needs of the customer. Level loading on a mixed-model production line balances the mix of products in addition to the total demand by specifying a standard sequence of models. (i.e. ABABC ABABC)

- **Line Balancing**

  Line balancing is the act of balancing the cycle times of the workers on a production line to the takt time.

  When everyone has a cycle time that matches the takt time, work flows efficiently. If a line is not balanced, it either has waiting waste where team members are standing around at the end of each cycle, or the line can’t keep up with demand.

- **Line Shift**

  A line shift is a synchronized movement of all the production work on an assembly line. It can be done in several ways.

  - Manually, in which each person pushes their work to the next station on a signal.
  - On an indexed moving line, in which the line moves and then stops. The movement may be triggered manually, or automatically.
  - On a continuously moving line, in which the movement of the work units never stops. Rather, the conveyor crawls along as a snail’s pace past the assembly workers.

- **Line Stop (+5-Page Lean PDF)**

  Line stops are an important part of both protecting quality and investigating problems in real time. Lean more and get a 5-page Line Stop Lean Term on PDF.

- **Little’s Law**

  Little’s Law is a basic mathematics equation for calculating lead time. In the layman’s version, it says:

  \[
  \text{Lead time} = \frac{\text{Number of units in WIP}}{\text{Average Production Rate}}
  \]

- **Low Hanging Fruit**
Low hanging fruit describes the big bang for the buck projects that can jump-start a Lean implementation.

They are the problems and opportunities that are easy to address with relatively little effort.

- **Luck (+ 6-Page Lean PDF)**

  Luck plays a role in the success of your organization, but it is possible to stack the deck in your favor and prepare for bad luck. Visit this Lean term page to learn more and download a FREE 6-Page PDF about luck in Lean operations.

- **Machine Cycle Time**

  Machine cycle time is the time a machine actually requires to produce one unit of output.

  Machine cycle time has three basic components. It has the time to load the machine, the actual machining or machine time, and the unloading time.

- **Machining Time / Machine Time**

  Machining time (or machine time) is the time when a machine is actually processing something. Generally, machining time is the term used when there is a reduction in material. For example, in a drill press, machining time is when the cutting edge is actually moving forward and making a hole. Machine time is used in other situations, such as when a machine installs screws in a case automatically.

  The machining time, combined with the loading and unloading time, yields the machine cycle time, or the amount of time that the machine must commit to each part, once it is set up to run that product.

- **Maintenance, Total Productive**

  See also Total Productive Maintenance.

- **Manager**

  A manager is a person in a formal position of authority, generally responsible for guiding a team or process towards an established goal.
In virtually all cases, a manager is in a formal position, as opposed to a leader who may be in either a designated or an informal role.

- **Manufacturing, Just-in-Time**

  See Just-in-Time Manufacturing.

- **Marketing**

  Marketing is the combination of art and science used to determine which products or services a customer will buy, and then crafting a message to make them more appealing.

  There is a veritable library of information available on marketing, so this term focuses on the impact continuous improvement efforts can have on marketing efforts.

- **Maslow’s Hierarchy of Needs**

  Abraham Maslow (1908-1970), is a psychologist made famous by his Heirarchy of Needs. He proposes that people have a tiered structure of needs, and the most basic of these must be met prior to dedicating attention to more advanced, or higher-order needs. The hierarchy, from lowest to highest, includes:

  0. **Physiological Needs**: These are the core needs shared by all living things—food, water, reproduction, etc.
  1. **Safety Needs**: Safety has changed in its meaning over time. Most people don’t fear the saber-tooth tiger anymore, but do fear unemployment, or loss of autonomy, or change.
  2. **Love/Belonging Needs**: People need to feel like a part of something—softball team, family, cult—whatever fills this need.
  3. **Esteem Needs**: People want to be respected. They need to feel a sense of accomplishment.
  4. **Self-actualization**: People want enlightenment. The drive for excellence in problem solving and continuous improvement efforts, as well as creative expression falls in here.

- **Master Black Belt**

  A Master Black Belt is an individual who has been certified to train other black belts. Black belts are the trainers and continuous improvement team coaches for a company.

- **Mean (Average)**

  The average or arithmetic mean (commonly just called the mean) is a measure of the central tendency of a sample. In layman’s terms, this is simply a way of describing what a representative item from a group would look like.

  The arithmetic mean is calculated by dividing the sum of the elements in the sample by the number of elements.

  The formula is...
Arithmetic mean = \( \frac{\text{element 1} + \text{element 2} + \ldots + \text{element } n}{n} \)

- **Median**

The median is the point at which there are the same number of values above it as there are below it. This can apply to a sample, a full population, or distribution curve.

When the data consists of a finite set (rather than a distribution curve), if there is an even number of data points, the median is the average of the two middle points.

- **Meetings**

Meetings are a gathering of more than one person to discuss a specific topic.

Well planned meetings have an agenda, a meeting manager who keeps the meeting on track, and a set objective.

Poorly planned meetings generally miss out on one or more of those components, and as a result tend to **waste** the time of the attendees.

- **Memory**

What did you have for breakfast last Tuesday? How many eggs are left in your refrigerator?

If you had any trouble answering those questions, you will understand why memory is not a reliable tool for processes. People get distracted and skip steps. Requiring people to remember counts can be especially disastrous. It is easy to lose one’s place and come up with the wrong number, especially when the counts are highly repetitive (i.e. counting the number of items to put into a 10-pack).

- **Mentor**

A mentor is an experienced, wise counselor. The mentor must be trusted by the student.

This often precludes mentors from being in direct supervisory roles. People often feel cautious about sharing too much personal information with bosses.

- **Metrics**

Metrics are the measurements that companies use to help a team meet its **goals**. Metrics are formal. They should be clearly defined and tracked regularly.

More importantly, metrics should be acted upon. Tracking information without doing anything with it is demoralizing to teams, and consumes resources that can be used better elsewhere.

- **Micromanagement**
Micromanagement is the act of giving excessive instructions to employees. It tends to reduce the effectiveness of an organization for a variety of reasons.

0. If a manager is micromanaging an employee, he is not doing his own work, limiting his effectiveness.
1. If a manager micromanages, her employees will be reluctant to take on challenges. They will fear reprimands if they do not do things exactly the way the boss would do it.
2. Employees tend to have lower job satisfaction when they are not in control of their work. And this lack of control can lead to health issues, as determined by a University of Texas study (Men’s Health, April 2008).
3. Lead times to make decisions get longer, as employees need their manager’s approval before taking action.

• Milestones

Milestones were originally the stone markers along a route that told travelers the mileage. In modern times, milestones serve the same function for projects.

Milestones are specific, definable points on a project that are used to indicate progress. If the milestones are vague, they are hard to tell when they are reached.

• Mistake Proofing

Mistake proofing devices, also called poka yokes, are the most effective way to improve quality. In a nutshell, a process or product is designed in which a mistake is impossible.

• Mode

The mode is the number which appears most frequently in a set of numbers. For a finite data set, as in a sample of measurements, the mode would be the number that appears the greatest number of times.

• Monuments

Lean operations strive to move materials through processes in the smallest quantity possible. As a value stream approaches one piece flow, inventory tends to drop and productivity rises.

Unfortunately, this streamlined flow is often interrupted by large, fixed pieces of equipment that are difficult to move or replace.

• Morale

Morale is simply the attitude you have about work. Good morale means people are satisfied with their jobs and are willing to commit to the success of the company.

With poor morale, people feel like the company is an adversary, and are reluctant to engage in much more that the minimum tasks necessary to keep their jobs.
• **Motion Waste (+Video)**

The waste of motion is one of the **seven wastes** attributed to Taiichi Ohno, the father of modern **Lean**.

Motion is, simply put, moving more than necessary when doing work. It can be large motions, such as walking between work areas, or small motions, such as flipping a screwdriver over after pulling it from a shadow board.

Motion waste also occurs in office environments. Walking to printers and fax machines, excessive clicking, or searching for supplies in a messy cabinet are all examples of wasted motion.

• **Motivation (+ 7-Page PDF)**

Motivation is the disposition to act, and to stick with something. Motivation can be either internal or external. The term self-motivation means that a person is able to keep momentum up on her own. External motivation comes from someone else. Great speakers and leaders can inspire people to take action.

• **Muda (Waste)**

Many **Lean** terms originate from Japan. **Muda** is one of those terms. It really translates to ‘wasteful activity’, but in common practice most people simply use this definition: **muda** = waste.

Since one of Lean’s main goals is reducing waste to improve **flow**, it is no surprise that **muda** had a major role in Lean. If there was a single battle cry for Lean, it would be ‘No Muda!’

• **Muda, Muri, Mura**

Like many Japanese terms surrounding **continuous improvement**, there are several slight variations of translations of these three terms. In general, **muda** is the most commonly used of this group of terms. In practice, it has come to mean ‘**waste**’. **Muda** really means wasteful activity. **Mura** means the waste of inconsistency or unevenness. **Muri** is the waste of strain or unreasonableness.

• **Mura**

**Mura** is one of three Japanese terms meaning **waste**. The others are **muda**, the traditional form of waste in which resources are not effectively used, and **muri**, meaning overburden or overexertion.
Mura means inconsistency or excess variation in either processes or demand. When processes are not standardized, each different method adds wasted movement to a process. It also creates a large potential for quality problems.

- **Muri**

Muri is a Japanese term for a specific form of waste. It means unreasonableness or overexertion. It is often referred to with two other Japanese terms, muda (the traditional view of waste in which resources are used without adding to output) and mura (variation in methods and demand).

When people and machines are pushed beyond a reasonable limit, they tend to have diminishing performance, as well as increased costs. In the case of machines, muri causes faster wear and tear, quality problems, and catastrophic breakdowns.

- **Murphy’s Law**

Murphy’s law has been said in various ways, but essential boils down to “If something can go wrong, it will.” There are many addendums to the law, such as ‘in the worst possible way’ or ‘at the worst possible time.’ The origin of Murphy’s law is somewhat murky, but seems to involve an engineer named Edward Murphy and a failed test on g-forces. There are earlier references to a similar law dating back to 1928.

Murphy’s Law is rooted in the fact that we tend to take notice of the things going wrong more often than the things going right. People are far more likely to comment about bad traffic than about times traffic was flowing well. We seldom come home and say, I didn’t have an accident today, but you can bet you’d talk about it if you did. Murphy’s law sticks around because of this focus on the negative.

- **Nagara**

Nagara is a Japanese term meaning ‘while doing something’. It simply means to do more than one thing at a time. For example, a two parts may be fitted together as they are clamped into a welding fixture. Or, a person may be able to assemble two parts while walking.

In practice, though, the application of the nagara principle is limited. In most cases, a process takes a person’s full attention. Operating a piece of machinery while doing something else can even be dangerous. It takes some careful process design to combine tasks.

- **Names**

Remembering someone’s name tells them that you place value on them as an individual. It shows that you respect them enough to remember who they are. Unfortunately, many, if not most, people have an extremely hard time remembering names of people they see only periodically.

- **Negotiation**
Negotiation is simply the **process** of discussing something of mutual interest and agreeing to terms. Negotiations typically involve tradeoffs. One side gives something of value to the other site to get something of value in return.

Negotiations may be conducted for a one-time transaction, or for an ongoing relationship.

- **Net Present Value**

Net Present Value (NPV) comes from the principle that money today is worth more than money tomorrow.

Would you rather have $1,000 today or $1,000 in 5 years? That question is easy to answer. Most people would take the money immediately.

- **New Product Development (NPD)**

NPD is perhaps the most critical of all business functions. Think of a business like a shark. It has to keep moving forward to stay alive. NPD is the process by which they keep moving forward.

Customers get bored with the current product or need a product to solve a new problem change. Or perhaps other businesses come up with their own new ideas. Whatever the cause, one thing is certain. Companies that produce goods but have nothing new in the pipeline are at a significant disadvantage to their competition.

- **Night Shift**

A night shift is just what it sounds like. It is the second (or third) shift at a facility after the normal day shift ends.

A night shift usually exists for one of two reasons. In production environments, a night shift adds **capacity**. This is very useful for production requiring large amounts of space or excessive capital.

- **No-No’s of Lean Operations**

  **Continuous improvement** is as much about not going backward as it is about making progress. Knowing what to avoid is as important as knowing what to do. While many of the items on this list of No-No’s won’t derail your Lean efforts, they do act as speed bumps that slow down progress. Improvement resources are in short supply. Make sure they are not wasted on known obstacles.

- **Noise (Sound) (+ 5-Page Lean PDF)**
Excessive noise can cause hearing damage, but even below that threshold, it can hurt job satisfaction. Noise is also often an indicator of problems. Visit this Lean term page to learn more and download a FREE 6-Page PDF about noise in Lean operations.

- **Nominal Conditions**

  A key requirement in a **Lean** operation is to make **abnormal conditions** stand out. Obviously, to recognize abnormal, you must also understand what normal is. Nominal conditions define your **standard** and let you see that you are operating within acceptable limits. Note that the term “nominal conditions” is not one that is in common use in the Lean community. Regardless, it is an important concept.

- **Non-Value Added (NVA)**

  Non-Value Added (NVA) steps consume resources, but do nothing to add value to a product or process. Because value is defined by the customer, non-value added work does nothing to change the **form, fit, or function** of a product into something a **customer** is willing to pay for.

  There is some debate over whether non-value added means the same as **waste**. The difference, if any, is...

- **Note Taking**

  Note taking is a valuable skill. Most people can’t remember all the details they are deluged with every day. Having a method to record the important morsels of information without getting buried in all the noise can mean the difference between being **effective** at your job and being a black hole for information.

  In meetings, people are constantly taking notes. They jot down a slew of **information**, or type furiously on computers. So, what happens to that info?

- **Null Hypothesis**

  “Null hypothesis” is a statistical term that basically means that there is an assumption that there is no statistical difference between observations. For example, the null hypothesis would say that any differences between a sample and a population would be due only to random chance. Statistical testing then confirms or denies whether the null hypothesis is actually true or not.
- **Objective vs. Subjective (+MP3)**

Being able to recognize objective vs. subjective information is an important skill for individuals in Lean companies.

**Objective vs. Subjective Definitions**

- **Objective**: Information or data that is based in fact. Often numerical. It can be verified by an independent third party. Math tests are generally objective in nature.
- **Subjective**: Information or opinions that are open to interpretation. Generally, subjective information is seen through the eyes of the person collecting or presenting it. Literature essay tests are subjective in nature.

- **Observation**

Observation is an important skill for Lean and other methods of continuous improvement. It is necessary to document the ‘before’ process, identify waste, to conduct audits, and to confirm the effectiveness of audits.

Observation is simply the practice of watching a process, preferably several times, to learn about the process.

- **Obsolescence**

Anything product or service you purchase has a useful life. After that, the value of continuing to use it declines until it makes sense to move to something more modern. The most common example of this is computers. Software becomes outdated at a regular pace as new hardware is developed. New programs are written with greater capabilities, rendering the incumbent program irrelevant. Companies that continue to use the aged software often find themselves operating at a competitive disadvantage.

- **Occam’s Razor**

The common interpretation of Occam’s Razor is that when all other things are equal, the simplest solution is probably right.

More accurately, but in less common use, Occam’s Razor says that one should choose the hypothesis that makes the fewest new assumptions.

In either case, Occam’s Razor is a tool that can be used to assist in decision making.

- **Off the Shelf**

The tools, machines, software, or other resources you use to do your job fall into two basic categories. The first type is the most common and contains ‘off the shelf’ resources. The second category includes custom built or highly modified tools, equipment, or even software.
Office Politics

Office politics are the unwritten rules of interactions in an organization. Social politics form in any group of people that interact regularly. Families have politics. Cliques in schools are a form of politics. And, of course, coworkers have a set of norms that they operate under.

Office politics are commonly used to gain a personal advantage within the day-to-day operation of the company. That leads to the generally poor reputation office politics has. Getting the corner office, the first crack at overtime, or virtually any other tangible or intangible benefit fall into this category.

Office Work, Hajek’s Law of

Today’s Gotta Go Lean article comes from a new entry in our Lean dictionary…

Many office work areas don’t control the flow of work onto people’s desks. As a result, individuals may face a small pile of work on one day, and a large pile of work the next.

Ohno, Taiichi

See Taiichi Ohno.

One-Piece Flow

One-piece flow is the method of production in which operators or machines work on single units and pass them along to the next process when requested.

The most common example of one-piece flow is the assembly line. An operator at each station works on a unit. All of this work-in-process (one unit per operator or automatic machine) moves in synchronization to the next station.

One-Touch Exchange of Die (OTED)

Part of get a changeover improved to the point where it is a single-minute exchange of die (SMED), is figuring out how to do it with less motion. One-touch exchange of dies is an offshoot of SMED, but is far more aggressive in what it advocates. Where SMED is generally considered to be done in less than 10 minutes (actually a single-digit minute exchange of die), OTED says that with continuous improvement, die change should get to the point where they are nearly instant. The one-touch target simply means that the exchange can be done with a single motion rather than multiple steps.

One-Touch Installation

Many people are familiar with the concept of one-touch exchange of dies, an offshoot of SMED. The basically means that there should be a simple, fluid motion to replace dies and fixtures in order to minimize setup time. The concept is present in the real world as well. Consider the straps on backpacks. Many years ago, one would have to feed the running end through a buckle and tighten it back on itself.
Now, it is simply a matter of inserting one clip into another. One-touch installation takes that concept to the shop floor with the idea that things should be able to be assembled easily.

- **Operator Cycle Time**

  Operator cycle time is the time it takes an operator to do one unit of his or her prescribed work from start to finish. Note that this is elapsed time. The clock starts when the operator begins his work, and ends when he or she is *ready* to start the next unit, regardless of whether it has arrived yet. Operator cycle time will include **waiting time** within the **process** (i.e. standing by a machine, or waiting for a testing sequence to complete.) The actual time an operator is working, meaning that waiting is not included, is commonly referred to as **processing time** or **touch time**.

- **Operators**

  The term “operator” is frequently used to describe a shop floor worker in a production environment. While it seems to stem from the use of the term “machine operator”, it has been shortened and now is used more universally.

  The term is more positive than worker, headcount, or the demeaning ‘body’.

- **Opinions**

  Dictionary.com defines an opinion as “*a belief or judgment that rests on grounds insufficient to product complete certainty.*”

  In the world of **continuous improvement**, people seldom have the luxury of complete certainty. But, unfortunately, they often act with a clear deficit of **facts and data** to make an informed decision.

- **Opportunities**

  **Problems** are generally looked at as a situation in which the current condition does not match the ‘should be’ state.

  In the traditional sense, the ‘should be’ state means that something is going wrong. It can occur when **customer** expectations rise, or when performance slips, but in either case, there is a risk of losing something you already have.

- **Opportunity Costs (+7-Page Lean PDF +Video +MP3)**
Choosing one option means giving up the benefit of you other options. Learn more about these opportunity costs and download a FREE 7-Page PDF about opportunity costs.

- **Optimization**

  Optimization is the act of making a system as **effective** as possible by adjusting the controllable variables.

  In a nutshell, optimization means figuring out where to set all the controls to make the company, system, **process**, or other aspect of your life do what you want it to do.

- **Order Interaction Point**

  The term **order interaction point** refers to the location in the fulfillment process where a specific item becomes attached to a specific **customer**. The order interaction point is, in effect, the crossroads of supply and **demand**. It is the intersection of the sales and the fulfillment processes.

  The term **order interaction point** is seldom used in practice, but the effect of it on an operation is significant.

- **OSHA**

  OSHA, or the Occupational Safety & Health Administration, is a part of the US Department of Labor. It was formed in 1970 with the mission of assuring a safe and healthful working environment by setting and enforcing standards. It also provides training, outreach, education, and assistance.

  The underlying mission of OSHA is completely compatible with continuous improvement. Providing a safe and healthy environment is part of showing respect for people.

- **Our Process Is Different (+ 5-Page Lean PDF)**
A common form of push back against Lean is that people think that their process is unique, and that Lean won’t work well because of those differences. Visit this Lean term page to learn more and download a FREE 5-Page PDF about why people think their Lean operation is unique.

- **Outsourcing**

  Outsourcing is the practice of sending work to another entity (a second company or an individual not employed by the outsourcing company). The main characteristic of outsourcing is that the work contains functions that, up until the outsourcing, had been done by the hiring company. In this manner, it differs from a standard supplier relationship in which the hired company augments a capability rather than supplants it.

  Offshoring is a specific form of outsourcing in which the company receiving the work is in another country.

- **Overproduction**

  Overproduction is one of the seven wastes in Lean. It is the act of making a product or performing a service before the downstream customer asks for it. Overproduction is one of the leading causes of excess inventory.

  Overproduction is prevalent in push systems where upstream processes build according to a schedule, and then send the product out regardless of whether their customer is ready for it. Lean deals with overproduction by creating pull systems, where products are only built when the downstream customer asks for them.

- **Overtime**

  Overtime is the period when an hourly wage earner works beyond his or her scheduled time, usually for an incremental boost in pay. State and federal employment laws govern how overtime can be used.

  Overtime is a useful tool for managing capacity spikes. When a few extra orders come in on occasion, it makes sense to use overtime to handle the extra work.

- **Ownership**

  Ownership creates responsibility. Whether it is a company, a process, or a desk, people tend to take more responsibility when they are dealing with something that is theirs.
Pride of ownership is a term that is most commonly applied to homes, but it also applies to processes and work areas. When people feel attached to something, they tend to maintain it better. They put a bit more effort towards making it better, and they are less tolerant when entropy sets in.

- **Pacemaker**

  An unlinked production environment is like an accordion. Some processes move faster than the average and some operate more slowly. As a result, parts move through the system at varying speeds, only to end up in piles of inventory scattered along the value stream.

  Even with a takt time in place, there can still be some fluctuation in the actual performance of processes, if they are not somehow linked together. This fluctuation gets even more complicated when scheduling is done at multiple places in a value stream. For this reason, a pacemaker is often established. A pacemaker is the single point where a production process is scheduled. The upstream processes don’t produce without a pull signal originating from the pacemaker.

- **Paradigm / Paradigm Shift**

  A paradigm is a framework for thinking about something, usually a scientific or technical discipline. Some examples of a paradigm might be the thought that big batches are good on a machine that has a long setup, or that Lean principles do not apply in office environments.

- **Pareto Chart (+ 7-Page Lean PDF, +MP3)**

  Learn about Pareto Charts and how the 80/20 rule guides your improvement efforts. Plus, download a FREE 7-Page PDF on Pareto Charts.

- **Pareto Principle**

  The Pareto principle is the result of the work of the 19th Century economist, Vilfredo Pareto. He realized that wealth in Italy was distributed unevenly, and mathematically proved his concept.

  Today, the Pareto principle is more commonly known as the 80-20 rule. Simply put, 80 percent of problems are the result of 20 percent of the causes. The power of the Pareto principle is immense. It conserves resources by letting you focus on a small number of issues to eliminate a disproportionally large number of problems.
• **Pareto, Vilfredo**

Vilfredo Pareto (July 15, 1848 to August 19, 1923) was an Italian thinker who practiced in many disciplines. He was an engineer and philosopher, but he is most well-known for his work in economics.

• **Parkinson’s Law (+ 5-Page Lean PDF)**

  Parkinson’s Law says that work expands to fill the time available. Learn more in our 5-page Lean PDF file.

• **Patterns**

  A pattern is essentially a recurring “thing”. It could be behaviors, defects, markings, traffic, or anything else that can be observed or monitored.

  The relevance to Lean is that the pattern is caused by something. Pure randomness is actually surprisingly uncommon in nature, and even less common in the workplace. Nearly everything has a cause if you look hard enough.

• **Payback Period**

  Usually used in connection with a capital investment, a payback period is the length of time it will take to recoup the amount of money put into a project.

  The exact methodology for determining a payback period varies based on the way assumptions are made, and the formula used to do the financial calculations.

• **PDCA Cycle (+11-Page PDF, +Video)**
• **PDSA / Plan-Do-Study-Act (or Adjust)**

PDSA stands for Plan-Do-Study-Act, or less commonly, Plan-Do-Study-Adjust.

• **Peer Pressure**

Just like any social group, there is pressure among coworkers to conform to the accepted group dynamic. This has a centering effect on a team. Groups have a tendency to pull individuals from extremes toward the center of a group.

Under performing individuals are pressured to pull their own weight, which is a good thing. Over performing individuals, especially those who do it through hard work, may feel pressured to slow down, which adds drag to an organization’s progress.

• **Perfection**

The concept of perfection provides one of the great philosophical quandaries of Lean. Like most continuous improvement disciplines, Lean promotes the relentless pursuit of waste reduction. It also pushes the concept of zero defects.

The problem though, is that perfection is unattainable. No matter how good an operation becomes...

• **Pilot Project**

Major changes are often hard to implement all at once. It may be because the technology or idea is not fully proven, or it may be a lack of resources in getting the bugs worked out. There may also be substantial risk if there is a mistake in the planning that shuts down a large operation.

To combat the potential for problems, a pilot can be used. It is a small scale, working implementation of a project.

• **Point-of-Use Inventory**

‘Point of use’ is simply the practice of storing any inventory you have at the point where it will be used.
This is in contrast to inventory that is stored in a warehouse, or at some other secondary location. In those cases, it can be difficult to see if there is a mismatch in the usage and the amount stored on hand. Despite the best efforts of the material management team, there can be lapses. Often, the best person to tell if there is too much inventory on hand is the person who is using it on a daily basis. If she is trained what to watch for—for example, a lot of parts still left in one bin when the other bin returns—then the operator becomes an additional resources in the war on excess inventory.

- **Poka Yoke (+ 7-Page Lean PDF, +Video)**

  The best way to eliminate defects is to prevent errors in processes. A *poka yoke* is a mistake-proofing device that ensures that it is impossible to make a mistake in a process. Visit this Lean term page to learn more and download a FREE 8-Page PDF about using *poka yoke* in your Lean operations.

- **Policy Deployment (+ 6-Page Lean PDF +Video)**

  Policy Deployment is the (usually) annual process of reviewing the strategic goals of an organization and aligning the company’s resources towards meeting those goals. Hoshin Kanri is the Japanese term that means roughly the same. Watch a short video, and download a FREE 6-Page PDF on Policy Deployment.

- **Practical Exercises**

  A practical exercise is a hands-on teaching tool by which students are asked to apply the lessons they have just learned in a controlled environment. In the Crawl-Walk-Run model of learning, practical exercised fall into the ‘crawl’ phase.

- **Practice**

  Practice is repeating a task in order to improve your skills. This doesn’t mean that it has to just be an exercise. You can practice doing good *Pareto charts* by finding opportunities to use them in real situations.
Practice is characterized by purpose. That means identifying a gap in a skill, and coming up with a plan on how to get better. Practice is also very specific. The closer a practice situation matches a real requirement, the more effective it is.

- **Precision**

   Precision is the state of having little variation. It is often incorrectly used synonymously with accuracy. (Accuracy simply means centered on the target.)

   Precision is often much harder to achieve than accuracy. That is because variation can be much trickier to adjust than moving an average.

- **Predictability**

   At the heart of standardization is predictability. Standardization provides a predictable pace, predictable quality, and a predictable lead time.

   This predictability allows managers to make better plans. It allows marketers to make more accurate promises. And it allows employees to have a steady, reasonable pace throughout the day.

- **Priority Matrix**

   This post redirects to the 9-square tool, a specific priority matrix.

- **Problem Solving (+11-Page PDF, +Video)**

   Problem solving is a critical skill for team members operating in a continuous improvement culture. Watch a short video, and download a FREE 11-Page PDF on Problem Solving.

- **Problems**

   A problem is something that has a potentially adverse effect. Another way of looking at this is that a problem is the gap between what should be and reality.

   Unfortunately, not all problems are obvious. Think about water damage in a crawlspace. You can have a problem and not even know it. This is one of the big challenges with Lean implementations. People may
not see the problem with excess inventory, or recognize that large batches are the equivalent of a backed up drain under your floorboards.

- **Procedures**

The generally accepted definition of procedure in a **Lean company** is that it is the “how” of an operation. It is closely related to **the term “process”**. A process would be the series of steps required to complete the operation, or the “what”.

- **Process**

A **Lean** process is the bread and butter of **continuous improvement**. Processes are the series of linked actions (or steps, tasks, activities, operations, etc) performed to reach a specific outcome.

Processes take **randomness** and bring it to order. Imagine what would happen if nobody followed a process when driving. No process for merging, pulling into traffic, or parking. There would be chaos. Imagine that when getting ready for work in the morning, there were no processes in your home. Clothes would have never gotten into your closet. You might not have hot water, because the bills would not have been paid. The list goes on and on.

- **Process Flow Chart**

A process flow chart is a staple of **Lean**, and other **continuous improvement** methods.

It takes a **process** and transforms it into a visual representation of the **flow** of work. This makes it easy to highlight **waste**, and subsequently eliminate the things that don’t add **value**.

- **Process Improvement**

Process improvement is the act of reviewing a specific **process** to make it better. The degree of formality can be minimal, such as an immediate decision to change a method on the fly. This might include moving a garbage can closer to a work station to eliminate a walking step of the process. Or, process improvement can be a highly structured, long-term, team-based approach, such as **Six Sigma**.

Process improvement is only one aspect of any effective **continuous improvement** strategy. For example, **business systems like Toyota’s** also include methods of management to keep the company moving forward.

- **Process Map**

A process map is a visual representation of how workflows through an operation. In practical Lean applications, it is often used synonymously with the term process **flow chart**.
The truth though, is that “process map” is a generic term. A process flowchart is just one specific type of process map, albeit by far the most common one. Other proprietary alternatives are available. People occasionally even...

**Process Metrics**

Metrics come in two basic flavors. One option is to measure the results of a process. This confirms that you did the right things and that you are on track. The problem, though, is that results metrics are lagging indicators. The activities that led to these results happened in the past, sometimes significantly long ago.

Another option is to...

**Product Family**

For the purposes of continuous improvement, a product family is a group of products that follows a similar series of process steps. The value in this type of organization is that it...

**Production Plan**

A production plan must answer four basic questions:

0. 1. What are we going to make?
   1. 2. What does it take to make it?
   2. 3. What do we have?
   3. 4. What do we need?

**Production, Over**

See Overproduction.

**Productivity**

Productivity is the ratio of output to input. The basic equation is:

Productivity = Output / Input

When the output is high relative to the inputs, the process is thought of as productive.

**Profit**

Profit is the pile of money that is left over after all the bills are paid and the costs are tallied. There are many different types of profit for accounting purposes (net profit, gross profit, EBITDA).

The ultimate goal of any company is to make a profit. It is not to serve customers. It is not to be good corporate citizens. It is not to create jobs and generate employee job satisfaction.
• **Projects**

A project is a set of interconnected tasks intended to achieve a specific goal. It is characterized by having a fixed end. Projects can be either individual or collaborative in nature. They are often limited by some constraint, usually cost.

• **Psychology of Lean (+ 9-Page Lean PDF)**

Psychology plays a far greater role in Lean than most people realize. Learn more and download a FREE 9-Page PDF about psychology in a Lean organization.

• **Pull System**

A pull system (or pull production) is one in which items are only made, transferred, shifted, withdrawn, etc., when there is demand from a downstream customer. This sharply contrasts from a push system in which the downstream actions have no impact on what the upstream process is producing.

Pull systems and one-piece flow combine to form JIT production. Pull says only build with demand. Flow says use the smallest quantity possible, and shift in small lots. Together, pull systems and flow make sure that exactly the right amount of work is sent to the downstream process, exactly when it is needed.

• **Push System (+ 6-Page Lean PDF)**

To learn about Lean, one must also understand operations that are not Lean. Seeing the problems that push systems cause help enlighten teams to the benefits of pull. Visit this Lean term page to learn more and download a FREE 6-Page PDF about push systems in Lean operations.

• **QCD / Quality, Cost, Delivery (+ 5-Page Lean PDF)**
Metrics are vital to Lean operations. Many organizations use QDC (Quality, Delivery, Cost) to categorize their goals. Visit this Lean term page to learn more and download a FREE 6-Page PDF about using QDC to organize metrics in Lean operations.

- **Quality**

In Lean, quality is often considered to be ‘good parts’. That is important because quality parts are a necessary condition to create flow.

Quality has several different applications.

- **Queue Time**

Queue time is a very specific form of waiting, one of the traditional seven wastes. It occurs when a person or item is in line behind something else, and is waiting for the same resource.

- **Queueing Theory**

Lines are a fact of life. They result from a company trying to keep the costs of providing its services in check in the face of fluctuations in customer demand. With enough resources to handle spikes, companies never make customers wait. Of course profit would drop significantly, because employees would be idle much of the time. On the other hand, if the company staffs for the average demand, they won’t have enough resources to cover the busy periods. During those times, customers end up waiting in long lines.

- **Random**

Random means occurring by chance. There are formal mathematical definitions regarding probability distributions, but the basic definition is how the typical non-mathematician looks at randomness.

But even with that simple definition, we often think of things as being random when they really are not. In truth, even something as simple as flipping a coin is not really random. It is governed by the laws of physics. The weight distribution of the coin, the speed of rotation, the force of the flick that launches the coin, the air density, wind, coefficient of friction on your thumb, the hardness of the surface, and a thousand other attributes actually govern where that coin will land.

- **Rapid Improvement Workshop / RIW**
“Rapid improvement workshop” is another name for *kaizen* event or *kaizen* blitz. You may also hear it called rapid improvement project, or “RIP”.

This type of project is generally a week long and includes:

- A day of training
- A day of process walk / initial planning
- Two days of...

**Reaction Plan**

A reaction plan is the series of steps that you would take in response to a specified abnormal condition.

A reaction plan helps to minimize damage. It reduces the time between the occurrence of a problem and a stopgap.

**Red Tag**

The red tag system is simply a communication tool used to identify items that a person has flagged for removal from a work area. While the tagging is most frequently done during *kaizen* events, it can be done at any time.

**Regulations**

Regulations are rules that are established by an authority. While the term is somewhat generic and can be used by any person or group in charge, this discussion will be limited to governmental agencies. In practice, most companies do not call their directives “regulations”. There are more likely to call them policies or rules.
Governmental bodies at all levels have the power to enact laws. These laws, however, often lack clarity in the fine details. What they do, in many cases, is granted the authority for an administrative agency to create regulations. As an example, the FDA (Food and Drug Administration), by law, is tasked with...

**Relationships**

A strong continuous improvement culture requires extensive teamwork, and teamwork requires strong relationships.

First of all, let’s start by defining what a relationship is. And its surface, a relationship is simply the way people or organizations behave toward each other. But there is also a deeper layer to relationships. They also include how the involved parties feel about each other. How a person regards someone greatly impacts the way they act.

**Reliability**

Reliability is the ability of a process, machine, or measurement system to perform as intended over time. There is an underlying assumption that at one point, the ability to provide good results existed.

The most common cause of a drop in reliability is...

**Repeatability**

Repeatability is the ability for the same individual or team to get identical results from a process time after time. Essentially, repeatability is the opposite of output variation.

When processes are not repeatable, the problem falls into three basic categories.

0. A variation in inputs causes poor repeatability.
1. A poor process cause poor repeatability.
2. The tools or measuring devices are flawed.

**Repetition**

Repetition is the act of doing something the same way over and over again. Repetition helps provide stable outputs to a process by making the inputs consistent.

Repetition has a side effect of creating muscle memory—the state where your body acts without conscious thought, much like walking. You don’t have to think about moving your legs. Repetition makes the motion natural. This muscle memory, in Lean settings, helps people follow processes consistently.

**Reproducibility**

Reproducibility is the ability of a process to be duplicated by multiple people.
This concept is understood and highly valued in both the scientific method and when creating measurement systems. In fact...

- **Resources**

  There is a common misconception that Lean is free. The truth is the making improvements requires a variety of resources. That’s not to say you have to spend a lot of money to make changes, but every project does require an investment.

- **Respect for People (+ 8-Page Lean PDF)**

  Lean requires a great deal of employee engagement to function at its best. Showing respect for people is crucial to getting that engagement. Visit this Lean term page to learn more and download a FREE 8-Page PDF about respect for people.

- **Responsibility**

  Responsibility is the state of being accountable for something. It may be a team, a process, or an entire company. In general, responsibility is the cost of leadership. Being in charge means that a person has to make sure that things go as planned. Responsibility means having to answer for one’s decisions.

- **Results**

  Results are the outcomes or consequences of actions.

  In the continuous improvement world, results are most commonly viewed as the intended outcomes of an operation, organization, process, or project. This is in contrast to unintended side effects of a process.

- **Rework**

  Rework is the act of correcting a defect. Rework is obviously waste, and can be avoided by eliminating the root cause of the problem.

  The further downstream rework is done from where the error originally occurred, the more the problem costs to correct.

- **Right-Sized Machine**
Production processes require assets to run them. You generally have choices. You can use a big machine that costs a lot of money, but has tremendous functionality and flexibility. These machines, because of their cost, end up being used in several processes or for several products to defray the cost. This tends to disrupt flow.

The alternative is to buy or build a smaller machine that may have fewer functions. This machine is dedicated to a single process. It can then be located in a logical position to support one piece flow without causing problems for other product families.

- **RIPS Cycle**

  A variation of the Plan-Do-Check-Act cycle (AKA the Deming Cycle), RIPS stands for Review-Implement-Prove-Standardize, and is a proven method of continuously improving Standard Work and other forms of process standardization.

- **Risk Management**

  Risk management is the process of identifying risks, reducing them when possible, and making plans to deal with undesirable outcomes.

  Risk management can be done for an ongoing concern, such as a product line or company, or for an individual project, such as rolling out a new software package. Risk management becomes increasingly more important as the size of a project increases.

- **Root Cause**

  It takes a lot of discipline to make sure you do a root cause analysis on problems rather than leaping to conclusions about what is going on. The definition of a root cause analysis is simply the act of going through a systematic process to identify the source of a problem. The most common method is the 5 Why analysis.
Watch out for this pitfall: Many people think they know how to fix something, and will immediately start working on that **problem**. If it is not the root cause, they are just working on a **symptom**. The problem will return.

- **Rule of Thumb**

A rule of thumb is simply a general **process** used for a specific condition. This is different from rules, regulations, **Standard Work**, and other forms of documented instructions. In those cases, the required actions are specified. For a rule of thumb, there is no such formality.

An example of a rule of thumb might be “measure twice, cut once.” There is no real obligation to measure twice, but, over time, people have learned to follow this basic piece of wisdom.

- **Rules**

There are countless quotes about rules, most of them negative.

*Rules are made to be broken.* –unknown

*There are no rules here – we’re trying to accomplish something.* –Thomas A. Edison

*Rules and models destroy genius and art.* –William Hazlitt

- **Run Chart (+Video, +9-Page PDF)**

Run charts are a powerful problem solving tool that makes problems visual. Watch a short video, and download a FREE 9-Page PDF on Run Charts.

- **Safety**

Safety is freedom from injury and harm.

The most obvious freedom is from immediate bodily injury. Safety switches, gate, guards, etc. help provide this, as does proper **training** and well-designed processes.

Safety also includes freedom from chronic conditions that accumulate over time. This includes things like repetitive stress injuries, and long-term exposure to toxins.
• **Savings**

Continuous improvement focuses on **cost** reduction—the actual dollar savings that increase profit.

The term ‘savings’, though, has many nuances to it.

• **Scalability**

Scalability is the ability to easily ramp up or down to changing requirements. The term is in common use in information technology, specifically in reference to the ability of a system to grow to accommodate increasing traffic.

In a continuous improvement sense, it is the ability of a **process** to adjust to a growing **demand**.

• **Schedules**

Schedules are an important part of a continuous improvement culture. Daily schedules are used for communication and coordination as well as to highlight problems and improvement activity.

For example, many teams start the day with scheduled time to get the work area checked out and ready to go. They also likely schedule a standup meeting at the start of the day to resolve any issues that are uncovered and to communicate daily goals. Time to organize and clean the work area (5S) is often allocated at the end of the work day.

• **Scientific Method**

The scientific method is one of many **problem solving** techniques.

There are 5 basic steps to the scientific method.

• **Scope**

The scope is the boundary of something in business. It may apply to an agreement, contract, set of responsibility, or project. The scope defines what is covered and what is not.

In **Lean**, the scope is most commonly used to refer to the boundary of what a project will cover.

• **Seasonality**

Seasonality is the regular pattern of peaks and valleys related to the time of year.

Seasonality may be due to weather. Umbrellas, for example, sell best in rainy seasons; skis sell best in the winter. Seasonality may also be due to recurring annual events and holidays. Christmas means toy sales spike; August means back-to-school sales.
• **Sensei**

In Lean, the term *sensei* means ‘expert’ or ‘master’ and highlights the Japanese origin of modern lean practices. Its use shows great respect to the recipient. It is normally bestowed upon lean practitioners who have shown extraordinary skill in lean implementation, and are exceptional at passing that knowledge on to others.

• **Sensors**

Sensors are mechanical devices that are sensitive to their environment, and that communicate information about what they detect.

Sensors can detect pressure, temperature, speed, and a host of other things. Sensors are commonly linked to either an alarm of some sort (a buzzer when a seat belt is not fastened), or a *poka yoke* device (key won’t turn if the sensor notices that the car is not in park).

• **Separate Man from Machine**

People should not be standing watching machines or pulling levers. They are far more intelligent than that. Give them jobs that use that intelligence, and sever their ties to machines. Focusing on this premise, that workers are more than just machines, shows great *respect for people*, one of the central tenets of *continuous improvement*.

• **Setup Reduction**

Setup reduction is the act of lowering the time it takes to switch from one product to another.

In a traditional manufacturer, the switching time (changeover) is long. As a result, if they do more than an occasional switch, they run out of production time. So, they produce long runs of parts, adding to inventory and all the problems that brings: more space for storage, more quality problems, more money tied up in inventory, more inventory management, longer lead times, etc.

• **Setup Time**

Setup time is the time it takes to reconfigure a machine to run a different part. Setup consists of two basic categories.

0. **Internal setup time.** This type of setup time requires that a machine be shut down to do the tasks required to get ready for a different product. This is extremely *wasteful* as *production* comes to a grinding halt...

• **Seven Wastes**

See also Waste.

• **Sheet, Standard Work Combination**
See Standard Work Combination Sheet.

- **Shojinka**

  *Shojinka* is a form of flexible manufacturing, where the number of workers vary to match demand requirements. This is obviously superior to a static system that staffs work areas without consideration to fluctuations in production requirements. Being able to reassign people to exactly where they are needed will help keep production areas of falling behind. This form of flexible staffing also releases people to work on improvement projects when demand is low across the board.

- **Shop Floor**

  ‘Shop floor’ is a generic term used to describe the work areas where production is done. The terminology is important because there has been a migration of Lean from the shop floor to office, healthcare, and other service environments. Because there are differences in the way some tools are applied in different types of work areas, it makes sense to have a way to clarify what you are talking about.

- **Side Effects of Lean**

  While Lean and other continuous improvement efforts can make impressive changes in an organization, there are often some unintended side effects.

  These Lean side effects include:

  - **Possible accounting issues**. The dramatic changes in inventory and the way costs are applied can be disruptive to financial documents. In some cases it can even appear that something negative is happening.

- **Simplicity**

  Simplicity is, simply put, the lack of complexity.

  In the modern world, complexity is looked upon as a sign of advancement and prowess. Simplicity is viewed as the earmark of an amateur.

- **Single Minute Exchange of Die**

  One of the core principles of Lean is to create flow. It is impossible to achieve with long setup times.

  When it takes an extensive amount of time to switch from one product to another, operators must run large lots to produce enough parts to keep production flowing.

- **Six Sigma**

  Six Sigma is one of two most common continuous improvement methods. Lean is the other one.
The term Six Sigma comes from the Greek letter ‘σ’ that is used as the symbol for standard deviation. Six Sigma refers to how many standard deviations fall within the output of a process.

- **Skew**

  Skew, in layman’s terms, means that data is distorted. The data points don’t fall evenly around the center of a distribution.

  Consider this example. Assume ten people are in a room, and you want to know what their average net worth is. If this was a typical cross section of America, the number would be $53,100.

- **Skills**

  The simple definition of a skill is the ability to do something well or having a particular expertise in an activity.

  In typical organizations, the set of skills required by individuals tends to be fairly narrow for frontline employees and leaders. For the most part, they are asked to do their job and not much else.

- **SMART Goals**

  “SMART” is a commonly used mnemonic device that helps you set effective goals.

  SMART stands for...

  - **Specific**
  - **Measurable**
  - **Attainable**
  - **Relevant**
  - **Timely**

- **SMED**

  SMED means ‘single minute exchange of dies’. It is one of the great enablers of Lean manufacturing for the simple reason that it reduces batch sizes.

  Simply put, when changeover takes a long time, a machine that makes many parts needs to run big batches all at once to be able to provide enough product to the downstream processes. This drives up inventory and reduces flexibility of the production system.

- **Soft Savings**

  Soft savings are the intangible benefits of continuous improvement. Contrast this with hard savings which are those that can be pointed to as a line item on some sort of financial record such as a receipt or an invoice.
Soft savings tend to fall into two basic categories...

- **Solutions**

  Solutions in a Lean environment tend to be temporary. The rationale behind the statement lies in the term continuous improvement. Any new process you develop, by definition, will eventually change. “Solution” implies that a problem is solved once and for all. The two terms don’t play nicely together.

- **SOP / Standard Operating Procedure**

  SOPs are set instructions that describe how to behave in a particular situation. SOP stands for standard operating procedure, or, alternatively, standing operating procedure though the latter term is falling out of use. Both are generally used interchangeably.

  An SOP is generally written. Informal SOPs exist, but are more often than not ineffective. Standard operating procedures are commonly used to define business processes, but can be used for virtually anything requiring instructions.

- **Spaghetti Charts**

  A spaghetti chart is a visual depiction of the flow of a person through their workstation. The spaghetti chart may also be used to depict the flow of information and materials as well.

  Typically, the chart is done on a Standard Work Sheet, mostly out of convenience. The sheet may already be available with the work area’s layout drawn in, and it has a grid on it to make drawing the spaghetti chart easier.

- **Speaking in Negatives**

  When someone is happy, they say ‘I am happy.” They do not say, “I am not sad.” When people speak in negatives, they are typically meaning, at least subconsciously, whatever they are saying with the ‘not’ removed. In the case above, if a person says “I am not sad”, it really translates to “I am sad.”

  People use this speech mechanism frequently. Listen for it, and you will hear countless cases of it. Normally, the speech pattern is used when there is a need to prevent true feelings from coming out, such as when there is a big change at work that a person is uncomfortable with. When feelings are clear, there is no wordsmithing. I have never once seen a truly excited person respond by speaking in negatives. No lottery winner ever exclaims, “I’m not disappointed.” People don’t get off roller coasters and describe it as “not slow and boring.”

- **Special Cause Variation**

  Special cause variation is one of the two main categories of variation. Common cause, the other type, is the consistent, recurring fluctuation within a system.
Special cause variation, in layman’s terms, are the spikes that are cause by problems outside of those that regularly affect a **process**.

- **Specifications**

Specifications are the stated design parameters of a product or service. Specifications can cover any of a variety of features, from physical dimensions, to operating range, to battery life.

Some specifications are given with a margin of error, such as ‘12.00 +/- 0.10 inches’. Other specs are given with a maximum or minimum, such as <250 ppm of a contaminant.

- **Stability**

  The term stability is the tendency of something to keep its current state. The opposite of stability is Lean operations is **variation**, or the state of things fluctuating wildly, or drifting away from normal.

  Stable **processes** tend to not only produce high **quality** outputs, but also do it in a **predictable time** with a minimal amount of **waste**.

- **Staffing**

  Staffing in a Lean organization is a bit different than it would be in most other companies. First of all, in general, a Lean organization will need fewer people to do the same amount of work that is done in a non-Lean company. But there is more to it than just that. You cannot just harvest all of the gains that you make with your improvements. There are some additional requirements that come from focusing on improvement.

- **Stakeholders**

  Stakeholders are the people that are vested in the outcome of something. They are not necessarily people who actually do the **process**, but they do have some skin in the game.

  Stakeholders that are indirectly affected by a process frequently have a negative effect from the change. In many cases, they will be asked to bear some of the **costs** of a new method despite getting none, or very little, of the benefit.

- **Stand-Up Meeting**

  Stand up meetings are the quick team gatherings to make sure that the day is properly planned out. Topics generally include the current day’s **goals** and issues, previous day’s results, ongoing project status, and anything special on the agenda.

- **Standard Work (+14-Pg Lean PDF +MP3 +Forms +Video)**
Standard Work is at the core of most Lean operations. It adds consistency and efficiency to a process. Watch a short video, and download a FREE 14-Page PDF on Standard Work.

- **Standard Work Combination Sheet / SWCS (+Form +Video)**
  
  The Standard Work Combination Sheet provides a visual representation of the flow of work and the interactions between person and machine.

- **Standard Work Combination Table**

  See also Standard Work Combination Sheet.

- **Standard Work-in-Process (+ 7-Page Lean PDF, + Video)**

  Standard Work-in-Process controls the amount of inventory in a system and allows Standard Work to flow smoothly. Visit this Lean term page to learn more and download a FREE 7-Page PDF about Standard Work-in-Process.

- **Standardization (+ 9-Page PDF)**
Standardization is at the heart of nearly all the Lean tools. Learn more and download a FREE 9-Page PDF on Standardization.

**Standardized Work Sheets**

Standardized Work Sheets are another name for **Standard Work Sheets**, the more common of the names, as well as the entry under which we post our free form. They are one of the basic forms used for documenting **Standard Work in Lean**.

Standardized Work Sheets show header information, defining the **process**, and they show the layout of the area on graph paper.

**Standards (+ 6-Page Lean PDF)**

Standard define the expectation. Strong Lean leaders set clear standards and track deviation from them so they can fix the underlying processes. Visit this Lean term page to learn more and download a FREE 6-Page PDF about standards in Lean operations.

**Status Quo**

The status quo is defined as the current or existing state or condition. In plain English, it is how things are today.

There is an old adage that the definition of insanity is doing things the same way and expecting different results. Getting better requires that something is done differently. If a **process** never changes, the output of that process will not change either.

**Stopgaps (+ 5-Page Lean PDF)**
A stopgap is a short-term fix to prevent a known problem temporarily until a better, permanent solution can be devised. Visit this Lean term page to learn more and download a FREE 5-Page PDF about using stopgaps in Lean operations.

- **Stopwatch**

Everyone, of course, knows what a stopwatch is.

They may not, though, understand why someone is standing over them with one. In a Lean company, processes are based on facts and data. One of those facts is the time it takes to accomplish a task.

- **Sunk Costs**

A sunk cost is an expense that has already been incurred and has no bearing on future decisions.

Imagine that you are working on restoring an old car and have budgeted $2000 to complete the project. After all the repairs are made and you turn the key, you hear nothing. You learn that it will cost another $1000 to get it operational. Conventional wisdom says that the decision to proceed or not is based on the total amount spent, or the $3000. Even the old adage “Don’t throw good money after bad” reinforces this train of thought.

- **Supervision**

Supervision is the act of providing oversight to people or processes. The amount of direct supervision required is generally inversely proportionate to the structure of the operation. With that means is simply this: if you have strong processes, people have less of a need for supervisors telling them what to do next.

- **Surveys**

There are many ways to learn about your customers, vendors, or employees. You can watch how they behave. You can do research or purchase data about them. You can analyze the data you already have. Each of these, though, is somewhat passive, and thus limits the information you can gather. You are only able to watch the behaviors that individuals choose to show.

The alternative is to go out and ask specific questions. This may be in the form of a forum or a focus group, but the most common way to pull information from people is with a survey.
• **SWAG**

SWAG is an acronym, likely originating in the US Army, for scientific wild ass guess. It is used to describe a hypothesis or decision that is based on a small amount of factual evidence, but nowhere near enough to have certainty.

• **SWOT Analysis**

SWOT analysis stands for strengths, weaknesses, opportunities, and threats. It is a structured approach for assessing at a project, new business venture, ongoing concern, or similar situation.

By itself, SWOT analysis has limited utility. It has much more value when used with a purpose, such as a product launch, an annual strategy session, of when deciding whether to venture into a new industry.

• **Symptoms**

In the medical world, a symptom is just the visible evidence of a disease or injury. For example, swollen painful joints may be a symptom of arthritis, or nausea might be a symptom of food poisoning.

In continuous improvement, symptoms are similar. They are the ‘tells’ that let you know that there is something that is just not right with a process or product. They are often the only way to identify an underlying problem—the root cause of an issue. A specific type of symptom is the abnormal condition—an indicator that something is disrupting the smooth operation of a process.

• **Taiichi Ohno**

Taiichi Ohno (February 29, 1912-May 28,1990) is considered by many to be the father of the Toyota Production System. He eventually rose to the rank of executive vice president in the company.

While Ohno had many innovative ideas and published several landmark books (see them and other books about him here), perhaps his biggest creative leap was integrating the American supermarket system of resupply into the automotive industry. He was able to lay the foundation for kanban systems, pull, and one-piece flow by changing the way components were supplied to production processes.

• **Takt Time (+13-Page Lean PDF +Video +Tool)**
Takt time is the required pace of production. Managing with it adds a great deal of stability to an organization. Watch a few short videos, and download a FREE 13-Page PDF about takt time.

- **Target Condition**

  When most people think of goal setting, KPIs, or improvement metrics in general, they tend to focus on targets. A lead time of 2 days is a target. 97% on time delivery is a target. Productivity of 7.6 units per labor hour is a target.

- **Team**

  In its purest form, the definition of a team is “a group of people associated with each other for some form of joint action or activity.” The word choice for this definition is very deliberate. Some definitions add in verbiage that implies effectiveness. Examples include ‘common goal’, ‘working together’, ‘organized’, ‘focused’, etc. That terminology is misleading, as not all teams agree on common goals, and there may be teams that are unfocused.

- **Theory of Constraints**


  The overall premise is that a system can only produce as fast as the slowest step. The throughput of the system, therefore, can be improved with a focused effort to improve that step, the constraint.

- **Therbligs**

  In the early 1900’s, Frank and Lillian Gilbreth refined a system of analyzing work to improve processes. They focused on identifying the core ‘motion cycles’ that combined to form work activities.

  This detailed understanding of work let them identify inefficiencies and eliminate waste.

  The name ‘Therblig’ comes from a reversal of the letters of their name, using the ‘th’ as a single letter.

- **Time Management**
Time management is the act of consciously planning out how one spends the hours and minutes of a day. For structured, repetitive production work, most people tend to be fairly good at managing their time. When the demand is not so consistent, though, people tend to squander a lot more of this precious resource.

Time management has two basic aspects to it. The first is that you have to be selective in what you do. The second lies in being efficient and more importantly, effective in how you do things.

- **TIMWOOD**

TIMWOOD is a mnemonic device used to help people remember the different forms of waste associated with Lean. These seven wastes are widely accredited to Taiichi Ohno.

*The TIMWOOD Acronym*

  - **Transportation:** Moving materials from one place to another is a waste of transportation...

- **Tooling**

Tooling is a generic term for any of the variety of equipment associated with production machines, especially ones that do fabrication. Cutting tools, dies, precision clamps, injection molds, jigs, and fixtures all fall into this category.

- **Tools, Lean**

See Lean Tools.

- **Total Productive Maintenance**

Total Productive Maintenance keeps machines operational in a way that supports production processes. Total Productive Maintenance combines routine scheduled preventative maintenance with predictive maintenance to limit the impact machine downtime has on operations.

- **Toyota® Production System**

The Toyota® Production System began in earnest in post World War II Japan as a way of managing operations in a challenging economic time.

The Toyota Production System really began as a synthesis of Henry Ford’s operations and those of the U.S. supermarket system.

- **TPM**

See Total Productive Maintenance.

- **TPS**
TPS is the acronym for the Toyota Production System. TPS is more of a business philosophy than a production system, though. It focuses on manufacturing and logistics, but doesn’t neglect the human aspect of production.

TPS was founded in large part by Taiichi Ohno. TPS can trace its origins back to the early days of Ford and American supermarkets. Mr. Ohno was impressed with the way supermarkets ordered their inventory. He combined it with the positive things he saw from Ford to form the foundation of TPS.

- **Training (+ 7-Page Lean PDF)**

  Download a 7-page Lean PDF file on different styles of continuous improvement training. Part of our Continuous Improvement Companion.

- **Training Plan**

  Training does not happen by accident. Building an effective team requires planning. This training plan should, at the minimum, consider the following:

  - The overall needs of the organization
  - An assessment of the current skills of the team
  - Training capabilities
  - Training goals

- **Transportation Waste**

  See Waste of Transportation.

- **Tribal Knowledge**

  Tribal knowledge is the unwritten collective wisdom of an organization. It refers to the tradition of tribes handing information down from generation to generation in the time before the written word was developed.

  In the same fashion, when information is not document properly, it must be passed from employee to employee.

- **Trust**
Trust is an important part of continuous improvement. Team members have to believe their bosses. They have to be sure that making gains won’t cost them their jobs and that making mistakes on projects won’t get them in trouble.

Lean requires a great deal of autonomy from frontline employees. Lean leaders need to trust them to make decisions on their own and to act in line with the needs of the company.

Employees also have to trust each other. They need to know that if they help other people when their workload is low that they will be helped out when they see a spike in demand.

Trust comes in two basic flavors. The first is honesty. It simply means that a person can be taken at his or her word. And to be clear, lying by omission is still lying. And being intentionally deceitful, even if the message is technically true, is also still lying.

The second form of trust relates to behaviors. It is confidence that a person will act in a predictable, appropriate manner. That means that he follows through on what he says he will do, and that he lives up to expectations. It means that employees will be where they are supposed to be and will do what they’re supposed to do, even when managers are not around. And it means that managers will protect their employees and look out for their well-being.

- **Two-Bin System (Kanban)**

  A two-bin system is a kanban method used to simplify replenishment on a production line.

  The process is simple. An operator pulls from one bin until it is empty, and then, depending on how the kanban card is attached, either turns in the kanban card (if fastened by hook and pile), or turns in the whole bin (if the card is permanently fixed).

- **U-Shaped Cell**

  A U-shaped cell is exactly what it sounds like—a work area that is organized in the shape of a ‘U’. The U-shaped cell allows an operator to finish her work in virtually the same location that she started, eliminating the waste of walking back from the end of a line to the start.
• **Upstream Processes**

*Lean* often uses the analogy of running water.

Making products move quickly and effortlessly is described as *flow*. Flow is often likened to straightening out a meandering river into a smooth, straight channel.

• **Vacations**

Vacations and holidays are an important part of *job satisfaction* and employee retention. They provide employees an opportunity to recharge the batteries and to live their lives outside of work. Managing vacations can be difficult in any company, but the challenge can be amplified in a *Lean* organization where there is very little excess capacity and very structured work. With a good strategy, though, the impact can be reduced substantially.

• **Value**

Value, simply put, is something that a *customer* is willing to trade for. The trade is most commonly done with cash, meaning that a customer is willing to pay for it. Not all things that are valued are paid for, though. Consider the numerous free downloads on this site. Customers who value the information don’t pay, but rather register on the site or subscribe. They trade permission to contact them for the value they find in the content. Facebook customers trade the easy access to friends’ information they value for permission to data-mine and advertise.

• **Value Stream**

A value stream is the series of activities that take a product from the supplier to the *customer* (for a physical product), or from the customer request to filling that need (for a service or informational
product). It includes all the value-adding processes that the company performs in the Lean office or on the shop floor.

The value stream takes a big picture view of what a company does to deliver goods or services to the customer.

- **Value Stream Analysis**

Value stream analysis is one of the steps in the value stream mapping process. The first step is to create a current state value stream map. This is simply a snapshot in time of the current conditions of an organization. Once the map is complete, however, you must decide what to do.

- **Value Stream Map**

A value stream map (VSM) is a drawing that depicts the flow of material and information along a value stream (the linked series of processes that brings a product from raw materials into the hands of the customer, or that provide a service to a customer).

**Jimmy’s Lemonade, Current State Value Stream Map**

- **Value-Added Work**

Value added work consists of the tasks that a customer is willing to pay for. Generally this is something that changes the form, fit, or function of raw materials.

- **Variation**
Variation is the enemy of **processes**. Variation in the **inputs** or in the process itself causes variation in the output of the process. And that variation is perceived as poor **quality**.

The layman’s definition of variation is simply fluctuation.

- **Visual Control**

  A visual control builds on **5S**. It uses organization and standardization (usually in the form of **Standard Work**) to make an **abnormal condition** stand out.

  In a **Lean** environment it does three things:

  0. *A visual control shows the current condition quickly.*
  1. *A visual control shows what the standard is quickly.*
  2. *A visual control links to an action.*

- **Visual Management**

  Visual management is the concept of making a workplace more **effective** by making the current condition of a workplace obvious at a glance.

  But visual management doesn’t stop there. For it to be effective, there must also be a predetermined course of action when a specific (whether normal or abnormal) condition is identified.

- **Voice of the Customer / VOC (+ 15-Page Lean PDF)**

  Most companies say that the customer is important, but hardly listen to them at all. Great companies focus on capturing the Voice of the Customer (VOC) from numerous sources. Visit this Lean term page to learn more and download a FREE 15-Page PDF about how the voice of the customer should affect your Lean operation.

- **Volunteers**

  Volunteering plays a **big role in continuous improvement**. In many organizations, training is provided, but may not be mandatory. Prospective students may have to sign for a “Corporate University” rather than be directed to attend by their supervisor. Projects are also often filled first with willing participants. Efforts to improve one’s job may be **appreciated by leaders**, but might not be required.

- **VSM**
See Value Stream Map.

- **Wait Time**

  Waiting is one of the seven wastes first introduced by Taiichi Ohno, and still commonly used in modern Lean.

  Wait time is particularly bad because it consumes a non-renewable resource, and an important one at that: Time.

- **Walk Time**

  Walk time is an important factor in continuous improvement. Its main impact is on the seven wastes and on Standard Work. Obviously, the problem is that walking takes time that could be better spent working on a process. Walking distance adds up in a surprising hurry.

- **Warehouses**

  Warehouses are organized storage locations. They can store both finished goods or raw materials and components. While some warehousing can be unavoidable, in general, these types of storage facilities go against most Lean principles.

- **Waste (+ 9-Page Lean PDF +Video +MP3 +Form)**

  The “seven wastes” is one of the most important continuous improvement terms you will hear. Most of the Lean tools, at their core, focus on reducing waste to improve flow. The seven wastes provide a systematic way to categorize problems and identify improvement priorities.

- **Waste of Transportation**

  Transportation waste is the unnecessary movement of parts, double-handling of materials, or shuffling of inventory to get access to the right components. Transportation waste is one of the seven wastes that Taiichi Ohno identified as barriers to flow.

- **Waste, Overproduction**

  See Overproduction.
• **Water Spider / Water Strider / Mizusumashi**

A water spider or ‘mizusumashi’ in Japanese (see our listing of [Japanese Lean terms](#)), is a person who has a prescribed set of tasks to keep materials in stock at the point of use in production areas. (Note that the water spider is alternately called a water strider.)

This differs from a material handler in that the sequence of operations and the way the tasks are performed are specified.

• **Whys, 5**

See 5 Whys.

• **WIFM?**

“WIFM” is an acronym for “What’s in it for me?” (Note that it is only approximate because the number of “I”s does not match.)

People tend to be rather logical, cause-and-effect types of creatures. They act when there is a reason to act. The basic premise of this acronym is that when that result of an action is in the best interest of a person, they are more likely to choose to do it.

• **WIP**

See Work-in-Process.

• **Work Cell**

A work cell is an area in a Lean company organized around the production of a specific product or product group.

A work cell should be designed to promote flow and reduce waste.
• **Work Instructions**

Work instructions are the specific details on how to do a job. They go hand-in-hand with Standard Work. Standard Work lays out the big picture sequence of the work; work instructions spell out the step-by-step methods used to do a job.

*Work instructions are characterized by:*

- Pictures of how work should be done
- Specifications, such as torque
- Part numbers and quantities of components
- Tools required to do the work
- Special safety instructions

• **Work Sequence**

The work sequence is, not surprisingly, the order in which tasks are completed. Work sequence is also commonly referred to as the sequence of operations.

• **Work Units**

One of the basic goals of lean is to create flow. The rationale is that the more that material sits in one place, the more waste it creates.

In most cases, this means a single piece of work through the connected processes. This is where the term “one-piece flow” comes from. In some cases, though, it is okay for more than one item to move together.

• **Work-In-Process**
Work in process (sometimes written as work-in-process and sometimes called work in progress) is a product or service that is partially completed. These goods have had something done to them, so are no longer considered raw materials or component parts.

**Lean** attempts to minimize the amount of work in process to keep the total inventory in the company at a minimum.

- **Work, Standard**

  See Standard Work.

- **Workaround**

  A workaround is an unofficial or temporary fix for a problem. In effect, it is an admission that the issue cannot be immediately resolved, and a patchwork fix is put in place.

  Workarounds are not intended to be permanent fixes, but have a tendency to be left in place longer than anticipated. One problem with a workaround is that it is often quickly pieced together, so is generally not a robust or efficient process. Workarounds often collapse under increased pressure, such as when demand picks up, or new people come into the job.

- **Workgroup**

  “Workgroup” is a generic term used to describe an organization within a company that reports to a single individual. A workgroup may be a small team reporting to lead, or a much larger group reporting to a department manager.

- **Workstation Design**

  One of the key elements of any process is the workstation. Simply put, a workstation is the area that contains the work surfaces, fixtures, tools, and materials needed to perform a job.

  Classic thinking promotes the use of standard workstations. These off-the-shelf setups can be interchangeable, and often can be purchased at significant bulk discounts. The problem with purchasing a workstation out of a catalog is that it does not necessarily meet the needs of the operator performing the process.

- **Workstations**

  Workstations are exactly what they sound like. They are the locations where work is completed. In a non-Lean environment, workstations tend to be assigned to individuals, lack standardization, and often are very general in design. For example, a company may have a standard 6 foot long workbench with a shelf above it that is used in a variety of work areas.

  Workstations in a Lean company vary significantly from those that are not focused on flow.
• **Yellow Belt**

A “Yellow Belt” designates that a person has been trained to participate in a Six Sigma project. In some rare instances, you may also see the yellow belt used in the Lean community.

• **Yield**

Yield is a quality ratio. It is calculated by dividing the number good pieces of work by the number of pieces of work started, and is expressed as a percent. If a process starts work on 100 items, for example, and 92 make it off the end of the assembly line, the yield is 92%.

• **Yokoten**

*Yokoten* is a Japanese term that loosely translates into “horizontal deployment.” Essentially, it is the spreading of information across the organization. A key point to this is that it is not just the result that is shared, but also the process that led to the result.

• **Zero Defects**

Zero defects is a philosophy of Lean. It simply means that every process should be designed so that it is impossible to produce poor quality. The underlying premise, which is true in nearly every case, is that the cost of preventing problems is lower than the cost of fixing them.
CONTINUOUS IMPROVEMENT FORMS & TOOLS DIRECTORY

This listing is also available online at http://www.velaction.com/products-services/lean-products/lean-forms/.

- **5 Whys Form (+ Video + Form)**
  
  The 5 Whys Worksheet is used to guide a problem solver through his or her root cause analysis.
  
  **Format:** PPTX  
  **Regular Price:** Free for Registered Users

- **A3 Template (+ Video + Form)**
  
  We offer a free A3 template for our registered users. Please keep in mind that this is simply one format. There is no set layout for an A3 report, as they will vary to fit the specific problem.
  
  **Format:** PPTX (3 layout variations)  
  **Regular Price:** Free for Registered Users

- **Countermeasure Sheet**
  
  We offer a free countermeasures form for our registered users. Use it as part of your monthly operations review package.
  
  **Format:** XLSX  
  **Regular Price:** Free for Registered Users

- **Daily Management Worksheet**
The Daily Management Worksheet is a tool to help you quickly plan your day and update your production board.

**Format:** XLSX  **Regular Price:** Free for Registered Users

- **Decision Matrix Template (+Video +Tool)**

  The Decision Matrix Template is a tool designed to simplify your decision-making process and take the guesswork and emotion out of selecting a course of action.

  **Format:** XLSX  **Regular Price:** Free for Registered Users

- **FMEA Worksheet / Failure Mode and Effects Analysis Sheet (+Form)**

  The FMEA Worksheet provides a means of assessing and managing risk associated with a new product release or a new Lean process.

  **Format:** XLSX  **Regular Price:** Free for Registered Users

- **Interruption Log**

  The Interruption Log helps team members identify the various sources of distraction that disrupts their work flow throughout the day.

  **Format:** XLSX  **Regular Price:** Free for Registered Users

- **Kaizen Audit Form**
The Kaizen Audit Form is a tool to help sustain the gains made in a rapid improvement project. Without a sustainment plan, it is easy for teams to backslide.

Format: XLSX  Regular Price: Free for Registered Users

- **Kaizen Charter Form**

The Kaizen Charter Form helps team leaders organize for rapid improvement projects. It contains team information, the scope, and the targets of the kaizen event.

Format: XLSX  Regular Price: Free for Registered Users

- **Kaizen Checklist**

The Kaizen Checklist helps team leaders manage the planning of improvement projects. It contains weekly tabs to keep from missing important milestones of the kaizen events.

Format: XLSX  Regular Price: Free for Registered Users

- **Kaizen Newspaper Form**

The Kaizen Newspaper is a tool to help manage tasks during and after a kaizen project. Because of the fast pace of projects and the ad hoc schedule, communication can be a challenge. This tool helps teams stay synced up as they work to make improvements.

Format: XLSX  Regular Price: Free for Registered Users

- **Kanban Card (+Form)**
The kanban card is a tool used to manage inventory. Its power lies in its simplicity and its visual nature.

**Format:** XLSX  **Regular Price:** Free for Registered Users

### KPI Bowler

The KPI Bowler is a tool used to track progress against established goals. It should contain all the major metrics of the organization, usually organized by Quality, Cost, Delivery, Safety, and Morale (QDCSM).

**Format:** XLSX  **Regular Price:** Free for Registered Users

### Noise to Constant Sheet

The Noise to Constant Sheet is a tool used to identify opportunities to remove special cause variation from processes.

**Format:** XLSX  **Regular Price:** Free for Registered Users

### Office Process Capacity Sheet

The Office Process Capacity Sheet is a tool used to determine whether the processes and machines in an operation can meet customer demand.

**Format:** XLSX  **Regular Price:** Free for Registered Users

### Office Process Questionnaire
The Office Process Questionnaire helps improvement teams plan what they are going to ask during interviews to make sure they don’t miss important information. It also prevent an interview from turning into an interrogation.

Format: XLSX  Regular Price: Free for Registered Users

• **Office Process Recording Sheet**

The Office Process Recording Sheet is a tool used to document the steps in an administrative process.

Format: XLSX  Regular Price: Free for Registered Users

• **Office Process Summary Sheet**

The Office Process Summary Sheet is a tool used to document improvements during a project. It contains spaces to record the ‘Before’ and ‘After’ values for a variety of metrics.

Format: XLSX  Regular Price: Free for Registered Users

• **Pareto Chart Template**

This Pareto Chart Template is an easy to learn, easy to use tool for making Pareto charts quickly.

Format: XLSX  Regular Price: Free for Registered Users

• **Policy Deployment Action Plan**
The Policy Deployment Action Plan provides a way to track progress on improvement priorities.

**Format:** XLSX  
**Regular Price:** Free for Registered Users

**Policy Deployment Bowler**

The Policy Deployment Bowler provides a visual way to chart an organization’s progress on hitting its PD targets.

**Format:** XLSX  
**Regular Price:** Free for Registered Users

**Policy Deployment Matrix / X-Matrix (+Form +Video)**

The Policy Deployment Matrix provides a link between strategy and frontline actions.

**Format:** XLSX  
**Regular Price:** Free for Registered Users

**SIPOC Analysis Sheet**

The SIPOC Analysis Sheet is a tool to help understand the flow of value from supplier to the customer. SIPOC is the acronym for Supplier-Inputs-Process-Outputs-Customer.

**Format:** XLSX  
**Regular Price:** Free for Registered Users

**Standard Work Combination Sheet / SWCS (+Form +Video)**
The Standard Work Combination Sheet provides a visual representation of the flow of work and the interactions between person and machine.

- **Standard Work Sheet (+Form +Video)**
  The Standard Work Sheet shows an overhead view of the layout of a work area and shows the flow operators and materials within it.

- **Takt Time Calculator**
  This Lean tool helps you quickly calculate your *task* time.

- **Time Observation Sheet (+Form +Video)**
  The Time Observation Sheet is used to establish cycle times for Standard Work.

- **Value Stream Mapping / VSM Icon Set (+ Form)**
Value Stream Mapping is an extremely powerful tool that gives an organization a unified understanding on how processes link together to form a ‘value stream’ that turns raw materials, components, and information into something that a customer wants.

While most Lean practitioners will instruct you to create the map with pencil and paper on the shop floor, there is a benefit to transferring that information onto a digital format that can be easily annotated, updated, and shared.

- **Waste Recording Form (+Video +Form)**

  The Waste Recording Form is used to identify and eliminate waste from a work area.
CONTINUOUS IMPROVEMENT ARTICLES DIRECTORY

Our online listing of downloadable articles is at http://www.velaction.com/products-services/lean-training/continuous-improvement-articles/.

- **11 Common Misconceptions About Lean (+PDF)**

  Novices go into their Lean journey with many preconceived notions. This list covers several of the most common of them. Plus, download a FREE 4-Page PDF of the article.

- **11 Principles of a Lean Office (+Video +PDF)**

  The Lean Office has several guiding principles that make it effective. Learn what they are, plus, download a FREE 4-Page PDF of the article.

- **12 Ways to Start Building a Continuous Improvement Culture (+Video +PDF)**

  Creating an organization that embraces continuous improvement is not easy. It takes strong, committed leaders who are willing to pay the up-front costs, and who resist the urge to harvest gains at the expense of future improvements. It takes a team that believes that when they make changes, they share in the rewards of their effort. It takes an underlying system that supports the people in the organization, and makes it easy for them to succeed. It is a monumental task to form a continuous improvement culture where everybody believes that the current way of doing things is never enough to ensure long-term success.

  Note: This article is available for download on PDF.
• **13 Ways to Apply Lean Principles to a Small Business (+PDF)**

A lot of people register on my site to get access to the wide range of free Lean information I offer. Some of the organizations they work for are easily recognizable as Fortune 500 companies. But many of the visitors to my site come from companies that are not as well known, and likely have only a few people.

That tells me that there is a thirst for knowledge about Lean from small businesses all over the world.

Note: This article is available for download on PDF.

• **17 Lessons I Learned from Japanese Consultants (+PDF)**

Over the years, I have worked with some premiere Lean consultants from Japan. Here are some of the many lessons I learned from them...

1. **Watch before asking.** Observe a process before asking any questions about it. You’ll prevent biasing what you see.
2. More...

Note: This article is available for download on PDF.

• **18 Principles of Lean Leadership (+PDF)**

There are several principles that should govern your conduct as a Lean leader. This list covers several of the most common of them. Plus, download a FREE 5-Page PDF of the article.

• **5 Principles of Lean Customer Value (+PDF)**
Learn 5 guiding principles about how customers view value. Plus, download a FREE 4-Page PDF of the article.

- **6 Big Data Analysis Mistakes That Hinder Lean Efforts (+PDF)**

Learn some of the common pitfalls of data analysis, and what can be done to avoid them. Plus, download a FREE 3-Page PDF of the article to hand out to your team or add to your Continuous Improvement Companion.

- **6 Ways to Improve Problem Solving in Your Company (+PDF)**

At its core, much of continuous improvement is about problem solving. Tools such as **Standard Work**, policy deployment, **kanbans**, and **andonss** are all really just pre-packaged solutions to common problems.

Note: This article is available for download on PDF.

- **7 Tips to Build Good (Lean) Behavior (+PDF)**

My dad lives in the Chicago area. His house has been buried in multiple snowstorms over the course of this winter. A few weeks back, he was driving somewhere during the time when the kids in his neighborhood were walking to school. Along one of the arterials, there are no houses that face the road, so the sidewalks hadn’t been shoveled. As a result, the kids were all walking in the street to get to class.

Note: This article is available for download on PDF.

- **8 Reasons People Resist Change (+Video +PDF +MP3)**
Learn some of the main reasons people resist change, and what can be done about them. Plus, download a FREE 3-Page PDF of the article.

- **8 Ways to Address the “WIFM” Principle (+PDF)**

Remember Mark Twain’s book, *The Adventures of Tom Sawyer*? On one hot summer day, young Tom Sawyer got stuck doing a hard day’s labor—whitewashing his aunt’s long picket fence. Mr. Twain tells the tale much better than I can, but the basic plot is simple. All morning long, Tom’s friends pass by and give sympathy to the poor lad stuck wielding the brush. In a stroke of brilliance, Tom, instead of accepting their sympathy, refuses to share the fun of painting the fence. To make a long story short, by the end of the day, Tom has collected a variety of payments from his friends for the privilege of sharing in the chore: a kite, marbles, a brass doorknob, a dog collar, many other assorted knickknacks, and for some strange reason, a dead rat on a string (don’t ask me to explain that one—I don’t get it either).

Note: This article is available for download on PDF.

- **9 Steps to Better Metrics (+Video +PDF)**

As I talk about making improvements, I invariably end up telling people they need focus more on their processes. Time and time again, just the simple act of gaining a deeper understanding of how work is done will shed light on what to improve. The spotlight shines even brighter when one crosses functional boundaries and looks at upstream and downstream operations.

Note: This article is available for download on PDF.

- **9 Steps to Developing a Daily Management System (+Video +MP3)**

Running an effective operation takes a daily management system. To get one up and running, Lean leaders have to:

1. Identify the demand. This means tracking data for a while to see what your customers are asking you to do. (Hint: Pivot tables are your friend!)
2. More...

Note: This article is available for download on PDF.

- **9 Tips to Running a More Effective Kaizen (+PDF)**
If you are in a Lean company, you probably already have a fairly well defined kaizen process. After all, an effective kaizen is one of the most powerful continuous improvement tools in your Lean kit.

Note: This article is available for download on PDF.

- **9 Words That Kill Lean Progress (+PDF)**

As a Lean consultant, I have identified several words over the years that immediately make me see red flags with a process. When I hear them, I immediately start snooping around a little deeper, and often uncover some great opportunities for improvements.

This list is by no means all inclusive, so I welcome your additions in the comments section. More...

Note: This article is available for download on PDF.

- **How to Overcome 24 Common Lean Excuses (+PDF)**

Change is hard for some people. And since Lean requires a significant shift from typical thinking, it can generate some strong resistance. One of the most common forms of pushback when changing to a Lean mindset is the use of excuses. People are extremely creative at coming up with reasons that Lean will not work.

Note: This article is available for download on PDF.


Waste reduction is a cornerstone of Lean. Waste is anything that does not add value to a process or serve the customer. The first step to eliminating waste is identifying it. Most people do this by observing a process and looking for inefficiency or redundancy. Although you can learn a lot by watching, sometimes you end up identifying more waste by listening. Whether you are on the shop floor or in an office, find a safe place to stand where you won't get in the way and close your eyes when teams are in full swing. Then listen for the sounds of waste.

Note: This article is available for download on PDF.

- **Lean Leadership Soft Skills (+PDF)**

Learning the technical aspects of Lean takes time and effort. But, what few people recognize is that it is much harder to develop the soft skills of continuous improvement. The following list contains some of the greatest challenges—and opportunities—for many Lean leaders.

Note: This article is available for download on PDF.

- **Seven Wastes of Lean Leadership and Taiichi Ohno’s Seven Wastes (+PDF)**
Discussions about continuous improvement frequently mention the term ‘waste’ which is anything that doesn’t add value. But how often are the seven wastes in Lean discussed with respect to managing teams?

Leadership, like operations or any other process, uses resources. Doesn’t it make sense to figure out ways to lead teams more effectively by using the least amount of time and energy?

Note: This article is available for download on PDF.

- **Standard Work in 8 (Not So) Easy Steps (+PDF)**

  Let’s start out by assuming that you understand the definition of Lean standard work and are familiar with the three main documents for standard work. Armed with that basic information, you still have one big decision to make.

  Note: This article is available for download on PDF.

- **The Secret to Successfully Running a Lean Office: Daily Management (+PDF)**

  The unfortunate truth is that most leaders, especially in an office environment, don’t have as good of an idea of what is going on as they think they do.

  If you are the manager of an administrative team, there’s a good chance that the last comment offended you. If it did, ask yourself the following questions right now...

  Note: This article is available for download on PDF.

Our full listing of all articles is at [http://www.gottagolean.com](http://www.gottagolean.com).
CONTINUOUS IMPROVEMENT STRATEGIES DIRECTORY

This listing is currently available online at http://www.velaction.com/lean-information-velaction/lean-resources/lean-strategies/.

- **A part of your job is harder than it should be.**

  In any job, you will encounter difficult aspects of the work. Lean companies are no exception. Fortunately, in a Lean organization, there are established methods for both dealing with the problem tasks, as well as for justifying the need to make the improvement.

- **Continuous Improvement, By Definition, Is Never Done**

  People like closure, so the thought of taking on something with no end can be a major challenge. Continuous improvement can create a mental hurdle that people must clear in order to fully commit to the idea that the achievements of today won’t be good enough tomorrow.

- **Demand picked way up, but staffing isn’t going to be adjusted.**

  The total workload for a team is directly related to the demand, and demand tends to change over time. On occasion, the demand rises faster than planned, and suddenly a team feels shorthanded. For a variety of reasons, there can be a delay in getting more people on the staff to handle the additional work.

- **Demand varies widely in the office, making staffing difficult**

  One of the biggest barriers to standardization is fluctuating short-term demand. Long term changes in demand can be managed by hiring staff or by attrition, but when there is significant variation day to day or even hour to hour, it just isn’t practical to hire new people for the handful of hours when workload exceeds demand. Conversely, it is inefficient and expensive to pay people when there is not enough work.

- **Lean leaders abandon process improvement when the road gets bumpy.**

  Lean requires commitment. It is easy to have that dedication when the philosophy has proven itself in the organization. But when the culture of continuous improvement is in its infancy, it is easy to lose one’s way. A common challenge that leaders have is resisting the urge to abandon a process when things are not perfect.

- **One of the bigwigs asks how things are going, and you’re not sure how, or if, you should respond.**

  In a well-run Lean organization, leaders are frequently present on the shop floor. They will be likely to engage with you and ask lots of questions about specific things that they see. They will also probably ask
the open-ended “How are things going?” question. You can brush it off with a “Fine” or you can take the opportunity to put a senior leader to work on one of the problems you are facing.

- **Quality problems and production issues from other areas show up in your workstation**

  Continuous improvement requires teamwork, and that means working together to solve quality problems. In a poor culture, people blame each other for mistakes, or have a ‘that’s not my problem’ attitude. But when teams are focused on continuous improvement, they help each other eliminate problems once and for all.

- **Standard Work requires you to share your tricks and secrets**

  Job security is extremely important to people. One way that people increase their job security is to hold crucial information close to the vest. The thought is that the employee can’t be let go if the information goes with him. The problem, with this belief, though is that in a Lean organization, processes change rapidly. Skills become far more important than specific process knowledge.

- **Stopwatches are everywhere**

  One of the facts of life of a Lean environment is that things get measured. Often the data collection is inconspicuous. But sometimes, the measurement is hard to miss. When a stopwatch comes out, people know that their work is getting looked at. It is easy for them to inadvertently, and in some cases, intentionally, bias the results.

- **When you fall behind in your work, coworkers have no way to help you out**

  Most people understand that if there is no standard process, it is hard for other individuals to come in and help out when things go wrong. What is less commonly understood is that simply establishing consistent methods is not enough to support teamwork. The process must be configured in a manner that allows a person to receive help when they need it. Often, even with a standardized process in place, if a person gets in a bind, the helper can do little more than stand around and watch or hand the operator an occasional tool.

- **You and your boss don’t agree on what you do, or how much you do, making it difficult to set a standard**

  One of the jobs of a leader is to set clear expectations. There are two implications here. The first is that she must understand, very clearly, what she wants her team to do. The second is that she must know what her team is actually doing. And, of course, the manager and employee must be in alignment on the expectation. That’s not to say that they will always agree on whether the expectation is fair or valid. But they should both at least have the same understanding of what the expectation is.

  In some cases, expectations become complicated when measurement is introduced. A common problem is that the qualitative expectations, such as keeping customers satisfied or maintaining timely...
communication, don’t match the qualitative expectations related to the core tasks a person is expected to accomplish.

- **You aren’t sure what to do when a problem halts production.**

  Production glitches and line stops are a fact of life. The better your team gets, the less frequent and shorter they stoppages are, but they will always occur. Even great teams are constantly working to make processes better. Sometimes, this is done by removing safety nets to see where the system breaks.

  Regardless of why it is happening, though, when work stops, many people have to quickly decide what to do until the line is moving again.

- **You can’t get your manager to understand how much a broken machine is costing the company.**

  There is a fine line between wanting new equipment and needing new equipment. One of the best examples is computers. Every 15 minutes or so, a breakthrough in computing power happens, and the equipment you are using becomes obsolete. But upgrading with each new release is too expensive. The flip side, though is also true. Sometimes the waste generated by an old system is far, far greater than the cost of getting a new computer. If you want new equipment, the trick lies in thinking like a manager.

- **You can’t remember what you learn in Lean classes.**

  Learning about Lean can be a challenge. The concepts are generally unfamiliar, and there is the added pressure of facing a big change. Getting the lessons to stick takes concerted effort. You’ll have to have a game plan for during class, and you’ll have to have a plan for putting the concepts to immediate use after training.

- **You constantly think about what is going on at work.**

  Try as we might, we are not always successful at separating work from our home life. Whether it is after hours emails, or simply being unable to clear your mind from job stressors, work can creep into everything you do. When work is challenging, as it might be during a big change, that overlap can cause problems.

- **You Don’t Know Why You Have to Do a Particular Lean Job**

  Learning about Lean often takes a leap of faith. But faith only goes so far. On occasion, you will struggle with various aspects of your Lean job, especially when you don’t see the point in what you are being asked to do.

- **You don’t participate in problem-solving because you don’t like conflict.**
Some people are born “scrapers”. They like mixing it up and debating the merits of an idea. Others prefer to avoid conflict. They like peace and harmony in their relationships. That can make things difficult for them when people begin debating the merits of ideas when making improvements.

- **You don’t get the impression that the teams that support you are interested in getting better.**

  When Lean starts in an organization, it is normally emphasized in production areas, typically the shop floor and then customer-facing administrative areas. As those areas improve, the form and level of help they receive from the supporting functions can lag. The Lean organizations can feel trapped. Unlike the relationship with a non-performing vendor, they are likely stuck with their internal suppliers.

- **You don’t know how to be Lean.**

  PROBLEM: *You don’t know how to be Lean.*

  HOW THIS AFFECTS YOU: Your job has changed, and you have no idea how to perform well with the new requirements. You are out of your element and feel more than a little insecure.

  ACTION TO TAKE: Educate yourself on Lean. You can be passive and just absorb information...

- **You don’t know how you are going to be evaluated now that you are Lean.**

  Everyone wants to be seen as being good at their jobs. When a company makes a change from an old way of doing business to a Lean way, the rules change. Team members can feel like the carpet was pulled out from under them. To regain a sense of security, they need to understand how they will be evaluated in their new continuous improvement oriented company.

- **You don’t know what to expect with all this Lean stuff.**

  Many people first learn about Lean when their boss tells them the company will be changing the way it does business. The information they receive tends to focus on what Lean is, and how it works. But often, they can’t quite make out what it will mean to their job, or their job satisfaction. This can be scary for people. Fortunately, there is a reliable resource that they can turn to: their coworkers and peers in other companies who have already experienced a Lean transition.

- **You Don’t Know Where the Company Is Headed.**

  Sometimes taking the scenic route is fun. But not when your livelihood and financial future are at stake. People feel much more comfortable when they know that their bosses have a plan, and employees know what that plan is.

- **You don’t like getting checked up on.**
Continuous improvement is built around the PDCA, or plan-do-check-act cycle. Unfortunately for many people, they are not used to the “check” step. As a result, they often feel micromanaged and untrusted when the boss comes into the area to see how things are progressing.

- **You don’t think a Lean tool will work in your area.**

  One of the jobs of a leader in a Lean environment is to push teams to embrace a continuous improvement culture. The often entails asking the team to try to implement one of the Lean tools in a work area. On occasion, the tool they the boss recommends is not a perfect fit. Before rejecting the tool, though, check to see if there is a way to use a modified version of it.

- **You don’t think a problem is getting the resources it needs to fix it.**

  It can be extremely frustrating to be asked to participate in continuous improvement efforts, only to feel like your calls for help fall on deaf ears. Frequently, though, solid data and real world examples act like amplifiers to make the problem you are addressing stand out.

- **You find it hard to get your boss to come to the same conclusions as you do.**

  You are close to a process, and think you know what the evidence and facts & data is telling you. Your boss, though, may come up with a different conclusion about what is going on. How you present your evidence goes a long way toward reconciling your positions.

- **You have no say in your company.**

  People like to control their own destiny, but unfortunately, companies are not democracies. There is good news, though. Strong leaders recognize that employees are a great source of ideas. Many organizations have opportunities for frontline employees to participate in groups that help chart the course of the company.

- **You hear something different from what your boss has said.**

  People often hear what they think should be said, not the words that are actually spoken. This comes from the tendency of people to think faster than they talk. A listener makes assumptions about what they expect because their minds race ahead. This can be especially problematic when you misinterpret what your boss said.

- **You just don’t believe what your boss tells you about Lean’s capabilities.**

  Most people have a baseline as far as what they think can be accomplished with continuous improvement. So, when a leader starts talking about Lean capabilities, many people take the message with a grain of salt. The gains that Lean offers can seem too good to be true, especially to someone in an organization that has been working hard but seeing little improvement.

- **You keep running into problems while trying to time for Standard Work**
Process documentation is important for two reasons. The obvious one is to create work instructions that record the details of how a process should be completed. The other big reason is to create a standard sequence of operations (i.e. when the process steps should be done) to provide more consistency in the time a process takes. This helps leaders accurately assess the staffing needs of an organization. It also provides an indicator of when a team member is falling behind on a process.

- **You need to air grievances with your manager.**
  
  When a company embarks on a Lean journey, there is a lot of learning that goes on. This includes managers. Some may have experience at creating a continuous improvement culture, but many do not. They may make some bad decisions that affect your job. How you approach him or her to talk about the problem you are facing goes a long way into determining whether your boss is on your side in solving the problem or if he sees you as a complainer who is part of the problem.

- **You see a repetitive problem.**
  
  Balancing relationships and the requirements of your job can feel like you are walking a tightrope. One of the most challenging balancing acts comes when you have a coworker who is constantly passing on the same problem to you over and over. You don’t want to feel like you are going to get the person in trouble, but you also want to make sure the problem goes away.

- **You see and hear (and maybe even make) lots of complaints.**
  
  You spend an incredibly large percentage of your day at work. On top of that, the general tone of the day carries over to your personal life. When the day is full of complaints, whether yours or other people’s, the day takes a lot out of you. Fortunately, there are some ways to battle complaints in the workplace.

- **You see problems that need fixing, but your boss just thinks you like complaining.**
  
  The difference between complaining and airing problems is whether or not there is a willingness to help solve the problem. That support can come in the form of offering solutions, presenting facts and data, or volunteering for a project team. How an issue is aired goes a long way to determining how it will be handled.

- **You suspect you have started to get a bad reputation with your boss.**
  
  PROBLEM: You suspect you have started to get a bad reputation with your boss.

  HOW THIS AFFECTS YOU: Life gets more difficult when your manager doesn’t think you support the changes. You get fewer advancement opportunities and your job might even be at risk.

  ACTIONS TO TAKE: Do you know if you’ve been labeled a “concrete head?” This term has somehow, despite the political incorrectness, survived translation from Japanese and...
• **You think you have an answer, but other people discover evidence that contradicts your theory.**

Every continuous improvement project should start with data collection. Unfortunately, when that data is collected with a notion of how the results should look, not surprisingly, the results often come out as they are expected to. It is easy to introduce bias into a data collection effort, if you are not careful.

• **You unintentionally perform faster than usual when being timed**

One of the things that takes some getting used to in a Lean organization is the fact that people are constantly watching each other. Leaders are relentlessly told to go to gemba. Teams participate in a never ending parade of kaizen activity. Employees from other work areas visit to do benchmarking and get ideas for best practices. In a nutshell, if you work in the company with a culture of continuous improvement, you will be on display.

• **You Worry That Lean Reduces Your Job Security.**

There is a way people think known as an “availability heuristic.” That is a fancy way of saying that we judge what we think is going to happen by the easiest to remember examples. We’ve all heard about efforts to cut costs in other companies (or possibly even our own), and they all seem to include layoffs. It is no wonder that people hear about Lean and they leap to the conclusion that it mean jobs will be at risk.

The truth is that some companies that get into financial troubles do use layoffs. In some cases, they even resort to layoffs prior to starting on a Lean journey. But layoffs are actually contrary to Lean principles. Lean requires engagement, and you don’t get that when people fear for their livelihood.

• **You worry that the bar is set too high.**

The concept of continuous improvement is that there is always an opportunity to get better. Sometimes, though, team members question how much better they can get. The truth is that Lean is not a magic drug that can cure everything about a company instantly. It takes work, and commitment, and a lot of effort.

But in many cases, people can accomplish far more than they think that they can.

• **Your boss doesn’t always follow up on promises.**

Part of developing trust between bosses and employees is doing what you say you will do. Employees tend to do this well. There is only one manager to follow up with in most cases, and there is also risk to a career if lack of follow-up is a pervasive problem. Managers, on the other hand, typically have many people they are committing actions to, both up and down the chain of command. They also have obligations to their bosses, which tend to be prioritized, rightly or wrongly, above those they make to their team.
• **Your boss has piles of spreadsheets that he has asked you to take a look at.**

Every company that is truly committed to continuous improvement has its decisions based in fact. That means loads of information. Another characteristic of those same organizations is that they try to empower and **engage their employees**. Sometimes, the combination of these two factors can make a person feel like he or she is in too deep.

• **Your coworkers are reluctant to help you out when you need support.**

There’s an old saying that even a broken clock is right twice a day. Unfortunately, many office environments face a similar problem regarding balancing capacity and demand. Because the incoming workload fluctuates, it never matches a static capacity. This effect is compounded when work is assigned to individual employees rather than being pulled from a shared pile.

• **Your eyes glaze over when leaders start throwing around new terms and Japanese words.**

As a company proceeds down the path of continuous improvement, the vernacular in the organization shifts. It makes sense. Doing new things in new ways will require a way to communicate what is going on concisely.

This new “Lean language” can be a challenge to grasp when one is receptive. It gets even harder when a person is resisting the ongoing changes.

• **Your Ideas Don’t Seem To Get Used By Your Leaders**

There are many things that affect job satisfaction, but a handful carry more weight than others. Trust in one’s boss and good relationships with coworkers are both important factors. The ability to have a say in how the job is done is another significant influencer of job satisfaction.

When a person makes an attempt to improve a job and they feel if falls on deaf ears, a person tends to like their job less, and their performance frequently suffers.

• **Your manager doesn’t seem to really understand Lean tools…**

When an organization embarks on a continuous improvement journey, few people may have a strong understanding of how to implement a Lean business system. There also may be a shortage of people who understand the Lean tools well. This lack of knowledge does not just apply to team members. Leaders may also be at a loss as to what to do.

• **Your mission each day at work is to survive until quitting time.**

Some people struggle in the early days of a **Lean** journey. This is especially true when there are **big changes** in the way the workplace operates. One of the biggest transitions is in the structure that comes with Lean. Those people that don’t embrace all the improvement opportunities that a **Lean culture** has to offer can find themselves feeling monotony in their job.
Your team can’t agree on who should be timed when developing Standard Work

One of the realities of creating standardized processes is that they need standard times. This is generally done using the Time Observation Sheet. The challenge, though, is that there are a few different strategies you can use when selecting the person who should do the work when being timed. If the person is slow, most people will be standing around when they do the process. If the observed individual is one of the most proficient, others will struggle to keep up.
CONTINUOUS IMPROVEMENT FAQs

This listing is currently available online at http://www.velaction.com/lean-information-velaction/lean-resources/lean-questions/.

- **Do We Need a Consultant to Become Lean?**

  **QUESTION:** Do We Need a Consultant to Become Lean?

  **ANSWER:** The short answer is no, but it helps. Of course, like anything, the consultant you choose has to be an effective one. But assuming that is the case, a consultant brings a lot of value to the table. He or she has seen a lot, both good and bad. That experience can be extremely beneficial to shorten your learning curve.

  The consultant has likely honed his craft over the years, and can come up with a good development plan to guide you on your Lean journey. In addition, the consultant probably comes armed with a wealth of forms, tools, and training, or knowledge of where to get what you need.

- **Does Lean mean cutting headcount?**

  **QUESTION:** Does Lean mean cutting headcount?

  **ANSWER:** One of the more common questions about Lean is whether it will result in headcount reductions.

  Traditional cost cutting frequently involves layoffs as part of the toolkit. Because of that close association between cost reduction and headcount reduction, it is no surprise that there employees are wary of Lean.

- **How do I “sell” Lean to my team?**

  **QUESTION:** How do I “sell” Lean to my team?

  **ANSWER:** Like it or not, the early stage of any Lean transformation contains a sales pitch to the team. The members of the organization are being asked to take on something new. For them to fully commit, to fully buy in, they need to see the value in the path they are being asked to take.

- **How do I download the free forms?**

  Our forms can be downloaded at the bottom of each of the forms page. Simply fill out the request form and submit. You’ll get a message with a link to confirm your email, and then you’ll get the download link delivered to your inbox.
• **How do you apply Standard Work in the office?**

**QUESTION:** How Do You Apply Standard Work in the Office?

**ANSWER:** The short answer is that true Standard Work is rarely used in Lean office environments. I tend to be rather flexible in how I teach people to apply continuous improvement tools, but at some point, if you deviate too far, you are no longer actually using the tool in question.

• **How many KPI’s should your team have?**

**QUESTION:** How many KPI’s should your team have?

**ANSWER:** There are a lot of variations on an old saying that goes something like this: “That which gets measured gets done.” This is especially true in Lean organization. Making improvements requires a detailed understanding of how things are going.

Many of these metrics that are tracked are simply used to keep a process operating properly. Some however rise to a higher level of importance. These are the metrics that are either critical to the operation or are tightly linked to improvement objectives. They are known as KPI’s or key performance indicators.

• **How should we track employee errors to improve quality?**

**QUESTION:** How should we track employee errors to improve quality?

**ANSWER:** This is a sensitive question that I get asked frequently. Leaders asked me the best way to track employee errors. In response, I generally ask why they want to do this. The most common answer is that they want to improve quality. (The other typical reason is for personal evaluations, whether related to discipline or to appraisals. That requires a different tack on the response.)

There are several assumptions that a boss is making, whether intentional or not, when they jump past looking at a process and dive into employee actions. They assume:

1. There is a *good process in place*.
2. The *employee is trained* on the process.
3. The employee is not following the process.

• **I’m an executive. How do I prepare to start my company on its Lean journey?**

**QUESTION:** I’m an executive. How do I prepare to start my company on its Lean journey?

**ANSWER:** While every Lean journey takes a slightly different path, there are some basic phases that every company progresses through. (You can learn more in our Continuous Improvement Transformation Model.) Unfortunately, though, there is no standard path to take as you advance through those phases. Every company has slightly different needs. Their economic situations, skills of their workforce, problems, and a host of other factors play a role in determining the exact path you will eventually take.
But regardless of the actual course you choose to take, the first step should be to create a commitment to becoming an improvement-oriented organization. This is not only in your team. It is also in yourself.

- **Isn’t Lean just for manufacturing?**

  QUESTION: Isn’t Lean just for manufacturing?

  ANSWER: One of the common misperceptions about Lean is that it is effective only in a manufacturing environment. While it is true that this is where it has its roots, the principles of continuous improvement that went along with Lean manufacturing were used throughout Toyota in its early days. The most tangible, obvious application of Lean, though, was on the shop floor. When people first became interested in what Toyota was doing, they focused on what was easy to see.

- **What is the best way to teach your team about Lean?**

  QUESTION: What is the best way to teach your team about Lean?

  ANSWER: Because our website provides such a wide range of Lean training materials, this is one of the most common questions that I am asked. The flexibility of our training modules means that instructors have to make more decisions about how to put all the materials to use.

- **What is the difference between Lean and Six Sigma?**

  QUESTION: What is the difference between Lean and Six Sigma?

  ANSWER: Hang around the Lean community for any length of time, and you will start to hear about the rivalry between Lean and Six Sigma. The two methodologies are the juggernauts of the continuous improvement world. While they are both focused on making operations work more smoothly, they have a slightly different approach in how they do that.

- **What is the origin of Lean?**

  QUESTION: What is the origin of Lean?

  ANSWER: Toyota is commonly credited with being the birthplace of modern Lean. One of the key proponents there, Taiichi Ohno, is commonly thought of as the father of modern Lean.

  While that is mostly true, there is more to the story...

- **When is the best time to start a Lean journey?**

  QUESTION: When is the best time to start a Lean journey?

  ANSWER: There are three typical times that a company starts a Lean journey.
1. The company is in a crisis and looks to Lean to bail it out of a mess.
2. The company is doing well and comes across Lean as a way to continue its success.
3. The company hires someone with Lean experience who helps it gain a foothold.

Each of these situations has some pros and cons associated with starting under those circumstances.

- **Where did the name “Velaction Continuous Improvement” come from?**

  There are two parts to this answer. The first is the origin of the word “Velaction”. The company originally started out as Cascade Corporate Solutions due to our location in Seattle near the Cascade Mountains. Eventually, as we started to grow, we decided to find a less geographically limiting name. We soon realized, though, that the continuous improvement marketplace is crowded with consultants, trainers, bloggers, and retailers. That meant that many of the descriptive words relating to Lean or improving performance were already taken.

  So, we thought about the image we wanted to be associated with, and came up with Velaction, a hybrid of the words “Velocity” and “Action”. One of the biggest barriers to improvement is inertia. We want you to get moving, and get moving quickly.

  As far as the “Continuous Improvement” part of the name, we are thinking long haul. Decades from now, Lean will be in the history books. Six Sigma will be all but forgotten. TOC, JIT, and their kin will join quality circles and scientific management on dust-filled bookshelves. But the spirit of continuous improvement will live on as new ideas combine with old and form some yet to be conceived philosophy. In short, continuous improvement is timeless, so we won’t have to change our name as the name of the current packaging changes.

- **Where Should We Start Our Lean Effort?**

  QUESTION: Where Should We Start Our Lean Effort?

  ANSWER: There are two basic ways to approach this question. The first is functional, as in which department is the best location to start with. The other is hierarchical, meaning the level within the organization.

  The short answer is that the best approach I have seen is one of opportunity.