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The Lean CEO

Guest was Jacob Stoller

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# The Lean CEO

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## ***Transcription of Interview***

**Joe:** *Welcome everyone. This is Joe Dager, the host of the Business901 Podcast. With me today is Jacob Stoller. Jacob is an author, speaker, and consultant specializing in communication between experts and outsiders in areas such as Lean management, information technology, accounting, and engineering. Jacob's most recent book The Lean Ceo uses CEO narratives to bridge the communication gap between Lean experts and the general business community. Thanks for joining me Jacob and can you provide the listeners with a little background about Jacob Stoller and what prompted you to write The Lean CEO.*

**Jacob:** *I've been always interested in connecting people, knowledge and communities with the outside world, so I was doing writing and consulting work mainly for IT companies, and the whole idea here was how do you get IT people talking fine language with people that have no idea what IT is about. So I was always fascinated by the missing links. Where is the missing communication link, how do we deal with the curse of knowledge and that kind of thing. So I did that with IT, and I started doing that with accounting and other fields and then just by accident, I was writing for an industrial magazine, and an editor said, could we*

get you to do a story about Lean? And I interviewed some Lean people and was quite fascinated and did more, and today I would say I think Lean is my number one interest. I mean I'm totally excited about Lean and what it does for people, and there's just so much there to write about and to talk about.

**Joe:** *You've interviewed a fair amount of people in your book. How long did it take you to write the book?*

**Jacob:** Well, that's an easy question because there was a contract. I had 10 and a half months between signing the contract and delivering the manuscript. In that time, I had to recruit all the CEOs, although I had made a few inquiries, but I basically did most of the recruiting and the interviewing and all that and wrote the book in that period.

**Joe:** *Well then tell me, how did the book originate? I mean you talked a little bit about your interest and how you gathered around Lean, who's the contract with and how did that come about? I think that would be interesting to people.*

**Jacob:** Well, the contract's with McGraw-Hill and actually, I knew them because I had been collaborating on some books with John Miller at Kaizen Institute and one of them was the new version, the latest version of Gemba Kaizen by Masaaki Imai. I got to work with these people really, really close on the book and to interview a lot of people regarding their stories about Lean and their success stories basically. I was a known quantity to McGraw-Hill and John Miller introduced me to his editor, so that relationship was there and it actually

was a fairly easy process. I just submitted a proposal, and they accepted it.

**Joe:** *Lean CEO* though, the title of the book insinuates the book, of course, it is for the CEO, right? Is it for anyone else?

**Jacob:** Yeah and you know what Joe, it's too bad in a way. I mean I kind of struggled with the title. The publisher really wanted it very much and definitely for other people, and I hope people will see it that way. But you're right, I think people are going to say, oh well, this is a book for CEOs. But actually, the thing that I was interested in with CEOs, my primary interest was that when you look at Lean, there's a lot of stuff that has to happen that's beyond just practicing Lean. The CEOs are going to have to talk about this in the boardroom; they have to sell it to shareholders and all kinds of stakeholders, right? They'd have to make their accounting and their financial systems compatible with Lean.

There's a lot of stuff there that the CEOs know about Lean and at the same time, people in the Lean world complain that CEOs really aren't buying into this and senior management isn't buying into Lean. So there's a whole other side of Lean, sort of a missing link if you will between Lean and the traditional business world that really needs to be addressed. That was really my interest.

To answer your question, in terms of is it for other people, yes. I think actually, the CEOs had certainly some valuable insights about Lean that don't just come from standard how-to-do Lean books.

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**Joe:** *If you could go back, I'll ask you then, maybe interview just one leader or not putting you on the spot, maybe one subject matter; which one would you pick? What is your favorite part of the book?*

**Jacob:** Well, you know, I love that question because I actually have been going back to some of them since I've written the book for various reasons. The one I really would like to go back to is Art Byrne because he was the first CEO I interviewed and what happened was that as I went through the book and did the research, all these people are talking about how they're influenced by Art Byrne. And since he was the first I interviewed, I never really realized his full impact, so it would be great to circle back with him on some of his influences and how he perceived that.

**Joe:** *Well, I gave you a choice in the question that would kindly only answer one side of it, but I'm going to stick it to you and say, maybe what was the subject matter? That's the leader you would learn more about, but what was the subject matter, what part of the book? What subject popped at you?*

**Jacob:** There are many of them in terms of subject matter. I mean my interest in Art really was, I'm very fascinated with the spread of Lean thinking, where it's going and what is the future here, so that would have been kind of why I would have gone to Art. But you know in terms of subject matter, I think where my own interests are going, and I'm very interested in the people side of Lean, and I mean really on a personal side, how does it

change people's lives on a day to day basis and how does Lean relate to human nature. The CEOs all talked about that and surprised me by the way. When you look at them, and you look at the thinking that goes on, they started Lean off and under a lot of pressure, right? Like there were financial pressures or different kinds of business problems that they had to solve and they had to solve them fairly quickly. Lean was kind of a response often to some fairly often dire circumstances. But as the Lean journey has progressed, they get more and more involved with the people side of it. I think that needs to be explored more. I would love to explore it on not just in terms for a business audience but just for people in general because there's just wonderful lessons that can be learned from the work that some of these people have done.

*Joe: I think that kind of segues into my next question because you devoted a chapter to it in the book and maybe you can expand on it. How does Lean lend itself to building collaborative teams? Why does Lean help?*

**Jacob:** Essentially, I think if you look at what I call the Lean lens and actually that's what I call my blog, but when you look at a business through the Lean lens, you see it in terms of the value stream, right? So instead of seeing a bunch of departments and a bunch of silos, you don't see a grinding department, and a stamping department, and an accounting department, and an HR department, you see the value stream and you see a whole bunch of people, a collection of people that are looking at a line of sight to the customer. So they're saying where is our role in terms of improving the customer experience? Whether that be to improve delivery or to lower our costs so we can charge more competitively or to cut down

on defects so that the customer never gets a defective product, or whatever.

I think it's having that line of sight that gives you, that Lean provides a basis for collaboration. You know it's all nice to say, well we have to get together and collaborate better, but collaborate better for what, right? When you take some of the goals that people have in traditional companies, they say, well we have to improve profitability. Well, that's very, very fuzzy if you're sitting on a line manufacturing something or for many, many people in the organization and yet, I think it's the customer experience that provides a much clearer vision for people to collaborate on.

**Joe:** *When you look at the total body of work, there's a lot of material, there's a lot to digest from your book, but did you come away or do you think a leader will come away with one overwhelming message that comes from the book?*

**Jacob:** I tried to step back when I wrote this because I figured and I give the analogy, it's just like I'm a local rock band and I'm doing the headline performance, and they've got the Rolling Stones waiting in the wings to perform. Everyone wants to hear from the CEOs. I mean let's face it; I have a really great line-up of CEOs, and I thought that my most important job was to make sure that they could speak clearly and as candid away as possible to my readers. Having said that, what I hope is that readers will pick up different things depending on where they are in their Lean transformations, and that's actually been very much the case. There are some leaders that really stressed and talked about people-centric management in a very open way. We have a leader to talk about collaborative management

teams. You have somebody like Jim Lancaster who really figured out the whole problem of management culture. How do we build a management culture? I think a lot of people are struggling with that, so they'll see that as perhaps the most important part of the book. I guess there's not really a single one.

Maybe the only single theme I would say that I really hope people get is that a lot of this is about beliefs. We tend to look at leaders and leadership, and we tend to talk about, well what's the DNA of a successful leader and all this kind of stuff. If you look at the Lean CEOs in the book, you see their personalities are very, very different, different management styles, but they share these common beliefs in people, in continuous improvement, in the whole idea of learning and last but not the least, the whole idea of what they call Gemba in Lean. The Gemba, which is the workplace where the value is created. They believe very, very much in the content of customer value.

**Joe:** *You interviewed all the successful Lean CEOs in the book. Was there anybody you left off that maybe wasn't unsuccessful and had struggles that maybe didn't go in the book?*

**Jacob:** Well interestingly enough, a lot of them did struggle along the way, and I think the difference is that they kept going. I mean there's something, and this is actually something I didn't spell out in the conclusions of the book, but the wonderful thing is you get to think after you've written a book and talk to people, you come up with new ways of looking at it. But this whole idea of a Lean plateau I call it and if you look at the typical Lean transformation, they start. Usually, they run for about two or three years with very good

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results, right? I mean it tends to be sort of low hanging fruit that they pick.

Pat Lancaster, the founder of Lantech, said it's easy to do that especially if you were a sloppy organization to start with. So I think there's that phase, but then they get to a plateau where everything they were doing doesn't work anymore. They're not making improvements, and they're struggling. They're saying, how come; everything was going so well? So I think there were some very severe challenges deep into the Lean transformations that affected a lot of these CEOs, and they found ways to get through them. Now having said that I did not interview any of the CEOs who quit Lean completely and never went back to it.

**Joe:** *Did you get a feeling that maybe Lean isn't for everyone? Is there a drawback that you can mention without hurting your book sales, of course; Is there something that says your organization is not for Lean or is Lean for everyone?*

**Jacob:** That's interesting. There are definitely some – what's the word I want – prerequisites for doing Lean. I mean I think the company has to be dedicated to customer value. So for example, I mean we know that there are companies out there who are making an incredible amount of effort to limit competition, right? They buy out their competitors so they can charge whatever they want. Some of these companies, telecoms, maybe banks and stuff, you see the lousy service and you say, they're able to get away with that because they don't have any competition. Companies like that that have that kind of strategy are not going to be very inclined to go on a long-term journey that can improve the value they deliver to customers.

I don't want to make a morality judgment here, but there are a lot of people that are not going to have an appetite for Lean because it just doesn't fit their business model. But I think companies if they do really want to deliver values and improve the value they deliver to customers, and they have respect for their customer and respect for their people, I think Lean is a pretty universal way of doing things.

**Joe:** *I'd still be a successful, great customer experience, great customer value without being a Lean company, right?*

**Jacob:** Well you know what, this is a quote from Mike Lamach who's CEO of Ingersoll Rand, and he said, "Lean is not the only way to do this, but it's the simplest way I know of to do this and that is to create a line of sight to the customer experience and to rally employees around that experience. There may well be other ways to do it, but I think what Mike is saying is Lean is the simplest way to do it.

**Joe:** Well, what would make it simple? I mean Lean is still a struggle with anything. To be a successful company is still a struggle. Lean isn't just caveat. I follow step one, two, three, is it?

**Jacob:** It's not. You're right. It takes a lot of creativity, and you have to have a group of people that really are committed to it. Another thing I'll say who Lean is not for is if you want to have an organization where you have superstars and who basically if you believe in an environment where people kind of compete with each other and sort of a survival of the

fittest kind of thing, Lean doesn't work with that at all, right? You won't be able to do Lean. I don't know, I mean companies thrive in many different ways. Lean is for a company that really wants to have a long-term commitment to teamwork and that kind of environment.

**Joe:** *You went over a pretty wide spectrum and I always kind of laugh between Lean startup and more traditional Lean or maybe Toyota Lean or whatever you want to call it. Anyone under 35 looks through the lens of the Lean startup, and anyone over 35 looks at the lens of Toyota. Did you notice that in any of your interviews? I guess, two things, what was the uncommon thread and maybe the common thread from those two thoughts?*

**Jacob:** Well I think the younger – and I don't know if 35 would be the cutoff here in the case of people I've talked to. I'm not sure I talked to anyone under 35. I don't even think Eric Ries is under 35. The younger generation is obviously more interested in values than some of the old generation so I can actually foresee a thing where we're going to have a lot of Lean young leaders. I know that a lot of the Lean conversations have gone with the Young President's Association – YPA. There are stories in the book about that. YPA or YPO, I can't remember. I think it's YPO. I think that the alignment with values will encourage younger leaders to go with Lean.

The Lean startup, I think the startup thing is very, very interesting, but if you look at what they're doing, it's really focused on a high-tech sector of the industry, high-tech industry that's not representative of every single sector. I mean it's not representative even of most of the jobs that are out there. I think we have to be careful because they do make headlines,

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and we do talk about that sector a lot. It makes the news a lot. It's not necessarily going to solve all our problems.

**Joe:** *I think that's brilliant what you said, though, Jacob. They're taking that out of it, is that value thing of the younger generation and how Lean applies to them and that is really the growth of Lean. Because I go back to when we first introduced Lean back in the 90's and I can remember Art Byrne actually saying this, that it was getting to a point that it was having so many visitors come to the factory and to look at what they're doing that he made this rule that we would still put on these tours, but you had to bring your CEO with you, and he said the tours stopped.*

*Lean has moved from that – and please correct if you've perceived this wrong by any means but it seems to me what you just brought up was so important because it shows the growth of Lean being perceived as this waste cost-cutting mechanism of the 90's and this process thing to today's age of Lean being about values. Would you take that from your book?*

**Jacob:** I would cautiously draw that line. I think the thing is that if your values are already there, I think Lean is a great way of aligning with values. There're a couple of great examples. I mean if you look at sustainability, the track record of Lean companies, for example, it's just way, way better than non-Lean companies. I mean if you're trying to limit your carbon footprint, what can be better than doubling the capacity of a plant with the same floor space and the same equipment and the same people? I mean you've just basically doubled or cut your environmental footprint in half, and you show me an environmental initiative that can

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do that. So I think there's that.

I think if you believe in treating people decently and inclusiveness and hiring minorities and all kinds of things like that or hiring people with disabilities, Lean just does wonderful things with that. Way beyond what you would expect with traditional managements. Lean doesn't actually have its own moral compass. I think what it is, is a way of managing which actually makes it much easier to achieve some of these higher goals, higher goals than just simply meeting the bottom line.

**Joe:** *Can the middle manager, to categorize someone, what will they get out of your book?*

**Jacob:** I think they will see that there is a better way to run companies, in short. I hope people will see by reading the whole book that when you look at some of the disconnects out there in business, I think they'll see that it doesn't have to be that way.

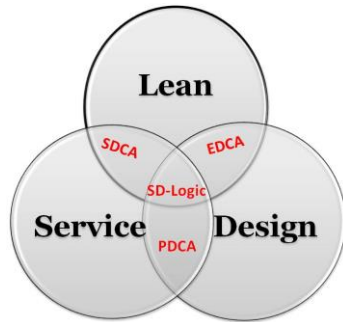
**Joe:** *I think that's great. What's on the horizon for Jacob Stoller? What's next for you?*

**Jacob:** Well I really want to do another book. I'm doing some preliminary outlines and stuff, and I really want to make this message wider. I think Lean is too important just to share with the business community. I'd really like to write something that could be read by just any person. Someone that knows very little about business, knows nothing about Lean, could pick up the book and could understand really like I say that there is a better way to do things.

**Joe:** *Where would I go to find out more about you, the book and what's the best avenue?*

**Jacob:** Well, it's simple. My Website is jacobstoller.com. That's my name, and there's an email, contact. If anyone wants to talk to me about – I've been doing some speaking engagements which I love doing because it gives me a chance to talk to people and to say all the things I maybe wish I'd said in the book. I've been doing that, and you can contact me through the site. I've got my blog as well, and you can access that through the Website as well.

**Joe:** *Thank you very much for your time. This podcast will be available on the Business901 iTunes store and the Business901 Website. Thanks, everyone.*



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