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Lean 3P Process: More than just Design

Guest was Dan McDonnell

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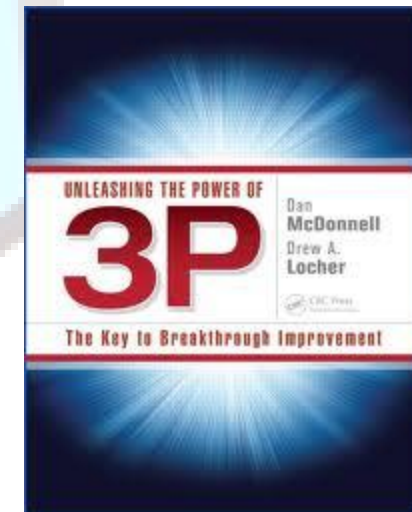
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Dan McDonnell is Vice President for Operational Excellence at Ingersoll Rand and currently helping them drive a total Enterprise transformation to premier performance, using Operational Excellence, which in part is consisting of Toyota's 3P process, Dan spent 15 years at General Electric in a number of Plant Manager and Manufacturing General Manager roles, ultimately helping their Transportation business drive a major Lean conversion. Prior to General Electric, as VP Manufacturing for Multilin, he championed a significant Lean transformation, and it was there he started to dabble in what he thought was the essence of 3P, in the absence of a lot of public information on the topic.

Even the partial application of a full 3P process led to strong gains where it was applied. This continued throughout his GE career, culminating in the learning of, and application of, a total 3P process based on the Toyota Way, under the guidance of the Shingijutsu Corporation. The phenomenal results achieved through these lessons and applications, saw 3P spread at a wildfire pace through General Electric. Dan also learned much of his Operational Excellence knowledge base with 20 years in a variety of volunteer leadership roles within the Association for manufacturing Excellence, and all of the networking opportunities that provided with a myriad of great Lean practitioners.



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Joe: I think that's part of the way management has to look at it too. They've got to look at it as a way to build your business.

Dan: Well, look, our CEO is clearly behind driving the Lean Initiative here at Ingersoll Rand, which is great, but he's driving this as a growth initiative. His view is this is how we're going to grow our business. He has a great disdain for focusing on cutting as a primary means of going after things. His view is this is about growth and using growth to drive operating leverage. Companies that focus on growth get bigger and bigger, and companies that focus on cutting get smaller and smaller; and we're about growth. It resonates a lot more with people throughout the company.

Joe: Welcome, everyone. This is Joe Dager, the host in the Business911 podcast. With me today is Dan McDonnell. Dan began his career in a small high-tech firm in Canada, where he initially practiced Lean through a number of manufacturing assignments, all the way to the level of VP of Operations. He spent 14 years with General Electric Company, where he served as a plant manager, and eventually a manufacturing GM for 11 different factories over that period. He served for three years as the manager of the Lean Initiative for GE Transportation, where his deep experience with 3P really began. Dan is currently the Vice President of Operational Excellence for Ingersoll Rand. Dan also recently co-authored a book with two-time Business901 podcast guest, Drew Locher, called, "Unleashing the Power of 3P: The Key to Breakthrough Improvement."

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Dan, I'd like to welcome you and let me clear something up because I think people have heard different stories about Lean 3P and what it exactly means.

Dan: Well, Joe, thanks a lot for having me here today. I certainly appreciate all you've been doing within the Lean community. I find that your involvement has been very provocative, challenges a lot of thinking, and I think ultimately it helps people learn by breaking down a lot of paradigms and forcing them into really thinking deeply about the way that they've approached things in the past. Hopefully, today, we can talk about this 3P process and help people get some more insight into how they might move forward a little bit in the way they've been approaching their work in the past.

I can only tell you what I've been taught through the senseis that I've had over the years. To me, 3P has always meant production, preparation, process. There are a lot of interpretations out there, clearly. I've heard 2P bounced all over the place. I'm not sure exactly what 2P is, but there're a number of people who use it. I've heard different terminology for the meaning of 3P.

So, for us, it's meant production, preparation, process. When we first started to get into it in more detail, we went out and tried to research more books, papers, and things like that, there's not a lot out there. There's mentions of it in a number of, sort of, deep, internal Toyota books and stuff, but it's the one area that seems to be not as deeply explored by the external world about this great Toyota process. It's something that Toyota hasn't tended to share a lot, externally, up until recently. So, I

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believe it's production, preparation, process; it's what I was taught. That's what we follow.

Joe: I just noticed an article, that Toyota spends more money in innovation than anybody else. Now, it's still only like 4.6% of their budget. Did Lean 3P come from Toyota?

Dan: I think that there's a huge part of innovation when it comes to process design that comes out of Toyota's 3P process. Clearly, there's a lot you can do in product design with innovation when marrying it together with process design. I think Toyota is learning to do a lot with innovation in both product and process design; and, clearly, their 3P process has helped them drive a lot of innovations in the process end of things.

Joe: There is a difference between 3P and let's say, Lean product design or Lean product development.

Dan: Well, there's a lot of interpretations out there again. I've interacted with a lot of colleagues over the years; a lot of people think about 3P as new-product development or Lean product development. I don't know what the truth is. I can only tell you that some of the senseis that I've had, many of them have come out of Toyota in their past histories, have taught me that 3P is about developing great, effective processes.

There's a company that we studied, GE Appliances, at great length who married what we were refer to 3P as the production, preparation, process with Lean product

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development together. They drive concurrent product development in what they call a big room, or an Obeya room with a total concurrent [team], but they still look at 3P as being the process side of design, and Lean product development as being the product side of design; and then, how do you couple those together in a new-product development process?

I know there's people out there that think about 3P as being the total product and process design in a new-product development program. I can't tell you what is fact. I think everybody takes what they believe is the truth and uses it. However, they see fit.

Joe: From what I know about you, I know you're someone who practices Lean, and you live Lean, and you're very acclimated to, deeply rooted in Lean culture and thought. Why did you write a book? I look at you as a guy, who's out there doing it all the time, what prompted you to write one?

Dan: Well, it's a great question. I don't think I was setting out to write a book at any time soon in my career, but look; we did a great learning experiment, when I was with GE Transportation around 3P. We built a case study and I got asked by the AME to tell the story. So, we put the presentation together, and we told the story, and I was approached by a publishing company at the end of the program to say, "Look, we'd love if you could document and tell the story for us." That was the first time I was approached and the first real time I'd actually thought about writing a book.

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Even at that point, I'm a pretty busy guy. It seemed like a pretty onerous process to go and do, but I guess what really, eventually got me to agree to do it was I've been a key believer in the concept of giving back. Most of what I've learned over the years I've learned from the generous sharing of other people. I believe that, to help foster the growth of Lean throughout our business communities, we all need to share and contribute.

I've just become a huge believer in 3P. There isn't a lot out there on it. I felt that, if I told our story, it might help other people to improve. So, I decided to go for it and Drew Locher, who you mentioned earlier has written a number of books, and Drew agreed to co-author it with me and made me feel a lot more comfortable with it, so we went ahead, and it wasn't a bad process at all. Hopefully, the book will help a lot of people out there.

Joe: I think Drew's an old GE guy too, isn't he?

Dan: Yeah, from years ago.

Joe: Why did you choose a fiction story?

Dan: When we first talked about how we were going to write this thing, we were going to write it more like a case study, workbook-style. When we got into it, we felt that we were going to potentially have a lot of legal PR challenges with approvals and everything like that. We didn't want to get burdened down by that. So, we thought

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that we would create a fictional company and write a fictional story, but it's a collection of a combination of real true stories that we put together in this fictional environment. We mainly did it that way so that we could avoid a lot of potential problematic approvals and things like that.

Joe: Well, you mentioned that it was a workbook. How does that intertwine with the story? Do you have a summary at the end of the chapters or something?

Dan: We really wanted to write, as I said, a case study workbook. We ended up coming around to this fictional story, and I just couldn't let it go that I like to give people real solid things that they can use. Within the story, we integrated a lot of real examples, a lot of real tools that people can take away as they go through the book. It's written in the flow of the actual 3P process. So, again, people are going to read a fictional story that has a lot of elements of reality in it. Through that story, they're going to be able to have access to a bunch of tools, and processes, and practices that they can take and experiment with themselves.

Joe: Is this just the storyline, but in the book, I think you champion Lean 3P as the savior of a plant? Can it really be that or was that just the story?

Dan: I think there're two things there. In this particular case, like many plants that are in trouble out there performance-wise, with customers, financial-wise, we set up a fictional company that had got themselves into a bunch of trouble and had been trying for years, through-like many plants and companies out there-to make

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improvements, and get better, and struggled with that. We set it up; in this case, that 3P really was the savior, and helped turn around the factory, and we absolutely believed that's possible with 3P. Not only possible, I believe it can happen if people do it well.

However, I think, perhaps more than a savior; we believe 3P can help teams finally break through to get real success on major change programs. I think more than saving a plant; it's about how can you go forward with your future improvement journeys and take them to a much higher level than perhaps you might otherwise be able to do.

Joe: So, 3P's just not, product development. You could use it for services and in different areas of the company.

Dan: Absolutely. I actually believe, if somebody is practicing 3P, say in a manufacturing environment, you would typically use it more for a new plant startup, moving product from one factory to another, driving a major rearrangement within your factory in terms of layout, doing a major design change that's got profound process implications. 3P within manufacturing is often used outside of an actual new-product development program. It also can be used in many other types of processes, in health care, for example, 3P is beginning to take hold, as people think about laying out new operating processes, if they think about laying out new patient delivery mechanisms.

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It can be used in an office transaction world, to help to simulate, before you actually put it in place, how you're going to set up; the process flows for managing information and things like that. I feel that 3P, in terms of its methodology, the process can be used for just about any process out there to make sure that when you're doing a major change, you get it right before you go to launch.

Joe: So, this sounds like a project management plan in itself?

Dan: In many ways, I think 3P ultimately is the best Lean way to drive project management or program management.

Joe: You mentioned the tools, Lean 3P is not, let's say, a tool in itself. It's more you use a variety of Lean tools, and you've got to be somewhat a mature Lean organization to use Lean 3P, or not?

Dan: I would suggest, just like almost any situation, if you have a certain amount of maturity in Lean, it probably gives you some advantages with 3P, or anything else, in terms of moving forward. However, when we've been doing a lot of 3P initiatives, we've had many, many people in initiatives that had very little Lean experience. If you've got a really good sensei who is driving the 3P program, I don't think that deep, Lean maturity is necessary for real strong success.

Joe: Can a process really drive innovation? I mean, let's say, if we call Lean 3P, a standard process, how would that accelerate, let's say, a learning cycle?

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Dan: Yes, I believe it can. I think 3P starts with consistent coaching and positioning all the way through it, but particularly at the beginning. In two main areas, one is—I think it's the most important piece of 3P and it sounds a little innocuous—the one thing that a great 3P sensei will do out of the gate is to really condition people to think like a 12-year-old through the whole program.

We can all go back and think about the days when we were 12 years old, and think about creativity, and innovation. In those days, anything was possible. I mean, we could fly; we could set up ramps to jump bikes like Evel Knievel. There wasn't anything that couldn't be done. Unfortunately, as we get older, and mature, and age, we start getting a little jaded, and we start to accumulate, subconsciously, paradigms, and reasons why things can't actually happen. If you can get people to go back to their 12-year-old days, and think like that as they go through the 3P process, it really helps innovation.

The second thing is bringing in a bunch of do's and don'ts, and making sure people really understand, these are the things that we're going to try and do as we develop this process, and these are the things that we're going to work really hard to avoid doing. If you can get people to focus on those, we actually encourage people to post the do's and don'ts, right up in big scale in the Obeya rooms that stay with them.

So, thinking like a 12-year-old, arming people with dos and don'ts, and then coupled with this 7 Ways Process, which is a key part of 3P thinking and action. Like most

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things in Lean, and the Toyota production system, it's a simple process, not very complicated; however, it's highly effective. It causes people to break through their paradigms. It really forces a lot of out of the box thinking.

So, 7 Ways really takes a team through a small challenge in developing a process. It could be as simple as, you know, how do you get this 50-pound piece from the floor up onto a bench, by spending very little money to do it, very safely, and easily, without cranes, and things like that? What it does, it takes a group of people, I'll say five or six people that go into a room for two, three, four hours. They sit there and they hand sketch with pencils ideas on how they might actually accomplish that, different from what they traditionally might go do. They continue to do over, and over, and over again more sketches.

We want to come up with at least seven distinct different ways, completely different ways. They might come up with 30 or 40 different ways. Then there's a process to go through to distill them down into, perhaps, the most effective way, simulating stuff. I think 7 Ways activities causes a tremendous amount of innovation to come out in process thinking.

Joe: The 7 Ways alternative is just that you're coming up with seven different ways of doing something before you start narrowing the field.

Dan: Yes, at least seven.

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Joe: Is this how Lean gets out of that incremental thinking? Is this what makes Lean 3P the breakthrough thinking, the breakthrough improvement is by applying that type of thought there?

Dan: I think it applies that kind of thought, absolutely. Perhaps, more importantly, I believe what 3P does that moves teams strongly to being forest rangers from being forest firefighters, you know this classic analogy of being proactive versus reactive. The truth is even in moderately successful Lean organizations, there's still a tremendous amount of firefighting that happens. We're responding after the fact to things. What 3P really is all about is taking a major change initiative, whatever it is, as I said earlier, new-product development, major plant rearrangement, starting a new plant up, and getting it right from the start.

There's a word that has been used by my senseis in the past that they call a vertical startup. The idea in Toyota is that, let's say you're launching a new car platform, that you set target dates for the launch; you set target costs; you set target quality and by moving all the activity to be much more proactive, like what a forest ranger might do versus a forest firefighter, you do a vertical startup where you turn the key, and you go right out of the gate. You hit target costs and target quality from the very beginning.

I'm sure most of us have experienced, over the years in our careers in any major change program that very rarely happens, although we always plan for it. We end up spending months if not years after the fact driving continuous improvement in Kaizen

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to get back to where we originally targeted to be at the very beginning. So, how do we do a change program from the start where we actually are able to do a vertical start up? Actually, hit target cost and target quality on the launch date of the initiative? I believe if we do that more and more and more throughout our business community that we are going to drive a breakthrough change like we've never been able to do before.

Joe: I always think of breakthrough thinking, that's what Design for Six Sigma and Six Sigma was supposed to be about, more so than continuous improvement. Is this Lean's answer to breakthrough thinking in Design for Six Sigma?

Dan: Well, Joe, first I'd suggest, humbly, that Six Sigma and Design for Six Sigma are two different things. Obviously, there's some commonality. I think we got Six Sigma wrong. The last decade or so in industry, we moved very much off of Galvin's original intention for it. We tried to use Six Sigma for that which it wasn't intended to be used for. I think Six Sigma is a very, very powerful set of problem solving tools that help Lean organizations solve for advanced, difficult abnormalities that show up in the flow processes.

I think Design for Six Sigma can be a huge aid in product design. I think it helps Design for Manufacturing Assembly, or DFMA, but it doesn't help it completely. It's got a place to help make the product design much more effective and much more reliable, but it doesn't necessary completely look at DFMA. I also think DFSS helps to improve process design, but not completely again. Because, if you get a lot more

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things right in the tolerances, and the way, the design is spec'd to be manufactured, you're going to end up potentially with a better, easier, more effective process, but not necessary a world-class, Lean process. I think that Six Sigma and Design for Six Sigma can be effective methodologies and tools to help improve process and products, but I think 3P goes at it a slightly different way. I think they can be very complementary to one another.

Joe: I always think of the Control Gate and the Stage Gate of Six Sigma, you know, where you go through the process, but 3P seems to be more of a system that's driven by events. Is that true? What's the difference there in the thinking?

Dan: I think we've all experienced the classic Stage-Gate processes, in things like new-product development. What 3P tends to drive people to do is to think more iteratively about the development of a process. It creates more standalone improvement cycles. When you talk about events, I think that when you develop your schedule of activities to go from the beginning to launch date, and whatever the objectives are set by the team—for quality, for cost, for delivery capability, and whatever else they set—what the team tends to do is then set out a set of iterative cycles of learning and simulations, to go over and over again.

A lot of times, you might get to the point where you take a piece of the process, and the team is confident that they've limited the risk of any major changes in an area, and they're ready to go, and they can then move forward with building equipment, building tools, and things like that ahead of perhaps waiting for a gate process where

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you've got to put everything together in the gate, and everything has to be successful, before you can move forward through the next phase. My view of 3P is it helps to accelerate things by using more of an iterative approach to design versus a gate approach.

Joe: People talk about speeding up development, or that you can work on a concurrent layer, of at least two of the P's concurrently. Is it a process to speed up development?

Dan: Well, listen, we've been doing a lot of benchmarking with GE Appliances, who have been experimenting and learning with 3P. What they've been doing is marrying 3P, or developing the process, with what they call their Lean product-development process. They do these things they call the big room projects, where they bring—a lot of people use the word concurrent development—but they bring a full cross-functional team of sales and marketing people, product management, design engineering, manufacturing engineering, quality, finance, and so on, and so on, as well as some Lean people together right from the very beginning of a program.

What they do is they practice the 3P process as well as the Lean product-development process together concurrently as a shared, cross-functional team. What invariably happens, through this work is that cycles for the project absolutely decline, quality generally goes up significantly at launch date, and cost is generally a lot less, both the project cost itself, as well as the launch product costs that go out.

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What we've seen, and the work we've done, and the people we've mentored with and bench-marked with, is that it absolutely helps speed up the development process. It helps to improve quality. It absolutely helps to improve the cost positions as well.

Joe: This seems like, to me, the old war room concept where we just throw everybody in a room, and everything is real visual, and we get everybody working together, as a team around a table. Very much like scrum and different methods that happen in software. Is that a fair analogy?

Dan: Hey, Joe, you know; I think it's a great analogy. I often talked to people as I help do Lean work throughout our current company, and I use the phrase often, "back to the future." A lot of times, as we drive a lot of Lean things; we find that 5 years ago, 10 years ago 20 years ago, the company was actually doing a lot of things that were potentially very effective in terms of how we'd want to do them today and somehow they got away from that.

So, you use the word war room in your description of it. I think it's a pretty accurate description. It's about bringing a concurrent team, a cross-functional team, together from day one, building them as a total team, putting them as best you can in one room, using a lot of visual information, versus things stored in computers, so everything is up on the walls, large as life, for everybody in the team to see in all phases of the program. That's ultimately what you might look at as a 3P/Lean product development program maybe in the modern Lean world.

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Joe: Kind of the buzz word in innovation and product development these days have been the Lean startup. They brought a process, and Eric Ries has brought that process of build, measure, learn. Is Lean 3P kind of the mature company's action to maybe like a startup, how it thinks like a startup?

Dan: Joe, look, I've been doing for decades what I thought was 3P, you know, as much as I could piece together from whatever I could read, or what people had shared with me over the years. I'll tell you what I now know today is that back then we were doing a lot of elements of the 3P process, and quite frankly, in many cases we got some great results out of that work.

The most surprising thing for me, perhaps, and it shouldn't have been surprising knowing what I've learned about the Toyota production system, you know, Lean thinking over the years, is we were about three days into; we invited the Shingijutsu Company in order to help teach us the real Toyota 3P process, not what we thought it was. They didn't really do that work up until that point, and we had a pretty close relationship with the current president of Shingijutsu, and we talked him into sending a team in and actually teaching us.

We developed a methodology about how to go through it. I wasn't on the initial team full time, but I was very intrigued about this and was the one driving a spearhead into things. I spent quite a bit of time over the first month every day just trying to learn myself, and try to understand how we were going through this. We were about three days in, and I guess my "aha" moment at the time was that there actually is a

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process for the 3P process. I guess I should have known that all along, but again, we were doing 3P in fits and starts versus holistically. I think when you do 3P completely, the way that Toyota does it. There are many different interpretations and methodologies that people derive over the years. It may very well be a similar thing to that, but my experience is that this is a wonderful, complete, total, holistic process for taking a team from the very beginning of a major change requirement and being able to do a vertical startup on time, on cost, on quality as you launch the change.

Joe: Walt Disney had a thing that he always called, like, the dreamer, the realist, and the critic to stop, kind of; the backpedaling that happens during development of a story. How do you stop the backpedaling in 3P, where someone comes up with a better idea, let's say, late in the process, or what they think may be a better idea. Can 3P drive it, so that you're always going forward, and you're not backpedaling, or jumping back?

Dan: I think that it doesn't necessarily discourage backpedaling, if, indeed, the team discovers a better way along the journey. But, I think the process itself helps to ensure that there isn't as much need for backpedaling. In other words, as you get further along, the likelihood of a team discovering a major, better way late in the game is a lot less likely.

It really starts from the very beginning in a sort of 2D world, beginning to map out the flows together as a total team. It takes a team through more of a bench-top modeling where you go through a series of simulations, and observations, and Kaizen what you might call a virtual world, or a simulated mock-up world. Then, the team

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will move to a scale, either a 1:6, 1:10 scale, mock-up of the entire process. They go through continued simulations over, and over again, and a lot of 7 Ways activities to help develop the best way of doing each portion of the process and how to link them together.

As they're doing this, they develop standard work. So, the teams will go through the standard work, in a simulated environment, in a scaled process over and over and over again with observers, who look for waste, until they can't see any more waste, and they've Kaizened it out.

Then, where you've got a lot of critical and key processes, you'll move to a full-scale world. So, you're back into a full mock-up where you're going through the same thing. The team is going through using the real standard work that they maintain along the way, doing full simulations with a team of observers who look for waste, and they document the waste, and then they go back and they Kaizen the mock-up simulator world out. They go and simulate it again and observe. They do that over and over and over again as many cycles as they need, until the team just can't see any more waste. That doesn't mean there isn't any more, it's just they've really fleshed out as much as they can.

Then, you go into more of a work hardening mode where you begin to build production models of equipment, and tools, and things like that. You go through the same iterative cycles. When you go through that process, you find that very rarely does a team discover major new things and have to backpedal. You used the word,

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sort of, going forward early on, and I think 3P really helps to push a change development process forward continuously with very little opportunity to go backwards, or need to go backwards in the development.

Joe: Dan, you mentioned a word in there that causes a question to come to me. If Lean is all about pull, where's the pull in 3P?

Dan: Well, that's a great question. I think that the pull comes from the process that you're trying to develop. What we do with do's and don'ts is we make a list of things. One of the do's and don'ts, of course, is to develop a process that pulls work through versus pushes. One of the little pictures that we often put up is the concept of a chain link. What happens to a chain link when you pull it versus push it?

So, the process of 3P is an iterative one that continually moves the development of that process continuously forward, but it's pulled based on schedules that are set, and objectives and targets that are set, and put in clear writing by the team and owned fully. The concept of 3P is we do not miss targets; we do not miss schedule dates, and all the work that we do gets pulled towards achieving those dates.

I think the real pull concept, Joe, comes into making sure that the process that gets developed uses pull thinking and activities versus push thinking and activities. That's part of when you do simulations, and you're getting a team to observe and look for dos and don'ts, they're looking for examples where works being pushed, versus

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pulled. The team is expected at those points to Kaizen and to simulate a world, and to move it more and more closely towards the true total pull methodology.

Joe: It brings me to mind, what you just said there, you're not looking for latent knowledge, what you're doing is looking forward to developing knowledge, and that new developed knowledge, that new learned knowledge, from the doing process is really the pull.

Dan: I think that's a great way to put it.

Joe: It's out there, what I'm learning by the process, what I'm learning through the process is pulling the ideas and pulling us through the process.

Dan: Well, I read a book—we're, at our company trying to drive A3 thinking in a big way, almost from scratch. I read John Shook's book a couple of years ago, "Managing to Learn," which is really about A3 thinking. The real thing that he tried to drive forward was that A3 thinking is as much about teaching people how to learn, as it is anything else. I think, as we move forward in the Lean world and our own collective learning in the Lean community, is that a lot of the work that we do really is about developing our people, developing capability, and teaching them how to learn, and putting them in environments where learning is something that naturally happens.

I would suggest what you just talked about there, about 3P, is, if I was to sum it up, and hadn't thought about it until this phone call. 3P really is about developing people

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and teaching them how to learn, as much as it is about actually launching a change initiative with a vertical startup very successfully.

Joe: Is there something you'd like to add that maybe I didn't ask?

Dan: No, look, I think it was a great conversation. I think you summed up a lot of what the book is about. For me, I guess, if I had to add anything, it's, look, I've been driving Lean or a student of Lean and learning since 1988. In some cases, I feel like a poor student, but I'll tell you what, I've become a true believer in this thing called the 3P process. I've come to believe that this can be an absolute game changer for companies, to the point where I can't even imagine why anybody would think about driving a major change program without doing it the 3P way, to the point where I've become almost evangelic about it in my own company and through the community.

I guess, ultimately, writing the book was about just sharing that and hoping that the process of 3P begins to spread and grow; because, I think it is a process methodology that can truly help organizations anywhere in the world to break through and go to new success heights than anything else they've been able to do in the past. I've come to believe it through experience of it versus reading about it. I think when somebody does a 3P program and does it very well, it sells itself.

I guess, if I had to add one thing, Joe, one of the amazing things for me is that I've spent most of my time influencing and selling leaders and coaching and teaching, and taking them to a midway through a 3P program of any kind often truly elicits a "wow"

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out of major leaders. When they actually see it live, get it within seconds; they understand the power of it. We can talk about it. We can write about it. I can coach it. I can sell it. I can do all kinds of things, but there's no better sales weapon than actually putting a leader in front of a real 3P process.

I just believe it is that game changer that we're all looking for. I hope people can at least take a stab, and try it; I think if they do they're going to find the same thing that I found, and it's going to become a fixture for them and how they decide to go forward doing work in the future.

Joe: I think you summed up "Unleashing the Power of Lean 3P" very well. Where can you purchase the book? Is there a supplemental web site?

Dan: Well, it's published through CRC Press. On the CRCPress.com web site, anyone can find the book through search. It's also available on Amazon.

Joe: If someone wants to connect with you, is LinkedIn the best way?

Dan: Yes, I'd say it's probably the best way. I'm on LinkedIn, Dan McDonnell. I love learning from other people. It's how I've learned most of my stuff and I believe in giving back and sharing. I'm happy to help as best I can with anybody who might have a question or anything. I'll certainly do my best to try and get back to them, and help them in any way I can.

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Joe: Well, I think you add a lot of value to LinkedIn. I'm an avid follower and your comments are always very insightful; I encourage people to connect with you, you're one of the few on LinkedIn who necessarily aren't trying to one up the last guy that said something. Your comments are just excellent.

Dan: Well, thanks, Joe. I absolutely reciprocate the comment because I think you've added a tremendous amount to the learning dialog that happens through our Lean community, and I certainly appreciate that and thank you for that.

Joe: I'd like to thank you very much, Dan. This podcast will be available on the Business901 blog site and the Business901 iTunes store, so thanks again.

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Added Comments not included in Podcast:

Dan: One final thought, Joe. One of the real struggles, I think, getting 3P really kicked off, as I mentioned, look, in order to do this right, you've got to resource and spend a little bit more money early on in the program than what managers typically would do. So, they've got their standard process, if it's standard, or at least it's quasi-standard of how if they start a new plant up, or move a product, or do a new product development here's how they do the work.

When you come in with 3P, you say, "Look, you know, we need to do this. And we've got to start it, you know, a year ahead. We need eight people dedicated. We need some funding to go do this," and they just about fall off their chair. But, the reality, as I said, is that this is not an expense, it's a savings. You had mentioned cycle, absolutely, you're going to compress cycles.

I'll give you one recent example that probably was the thing that tipped off within our business, and got management just completely sold. We were launching a brand new product and redoing a major part of a factory to go launch this thing. This guy had a multi-million dollar plant and equipment budget to go launch, which was pretty typical of the way people had done work on a major product like this. We're probably going to spend several million in capital in total. This is a lot better than I come in, I told them, look, we'll cut at least 20% of your P&E budget. Of course, nobody believed me at the beginning, but he's a believer, now.

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So, just think about that. That's just in terms of plant and equipment capital spend, that's millions in depreciation that we just saved or several million a year in base costs that would have been put on a product.

The problem is you ask the senior team for a million more than they might typically spend up front and they just gag. That's why it's so hard to get these things under way, but once you get them going, and people see the real benefit that comes, they don't need to be sold anymore. They just do it. But, how do you get people to kick start? That's the tough thing. It's a hard sell.

Joe: It's difficult. In a much smaller effort when I look at applying, let's say, Lean to marketing, very much, when I was talking 3P process and that pull from learning, what you learn is the pull. That's how I think of Lean in marketing and Lean in sales. It's what you learn is your pull in your marketing, and building that iterative process into the sales and marketing side is difficult. To get people to even think that way is really difficult because the whole concept of sales and marketing is push.

So, I can appreciate what you're saying, that difficulty with management is how are you are going to provide growth through iterative learning?

Dan: Absolutely and then how do you value learning, right? How do you value, in terms of financially, the building of capability within your people? There really isn't any financial model for valuing knowledge apart from leaders who get it and realize that, that's how I'm going to get great. That's why training and all this stuff just tends to

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get cut the minute there's a downturn. Guys hack and slash that and it's probably one of the last things they should do.

That's the ultimate paradigm, right? That's we have no way of valuing knowledge in our companies, and so our classic, from the CFO down, it's about cost, and it's about revenue, and if something doesn't fit into any one of those buckets then it tends to get pushed aside. No manager would ever sit there to you and suggest that learning isn't a positive thing that they want to go drive. When the rubber hits the road . . .

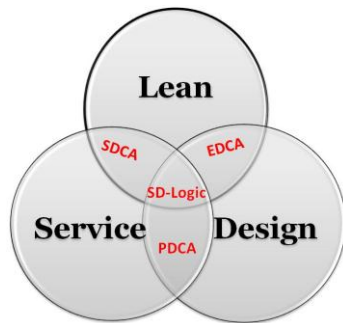
Joe: If I'm going to fund it . . .

Dan: One day, maybe, someone in our communities will find that more and more senior leaders actually value this concept of learning and development of people, and get willing to invest more in it.

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Joe Dager is president of Business901, a firm specializing in bringing the continuous improvement process to the sales and marketing arena. He takes his process thinking of over thirty years in marketing within a wide variety of industries and applies it through Lean Marketing and Lean Service Design.

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