

# *Business901*

*Podcast Transcription*

*Implementing Lean Marketing Systems*



## **Sustaining Lean using Continuous Improvement: The Toyota Way**

Guest was James Franz



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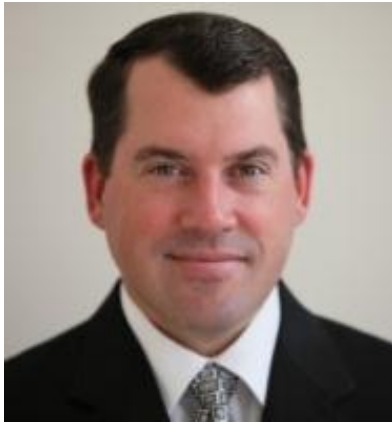
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James Franz was my guest on the Business901 podcast and if you have been spending your time improving your processes and wondering why they are not giving you the expected returns, this is the podcast for you. Jim is the co-author with Jeffrey K. Liker on the latest of the Toyota Way books: [The Toyota Way to Continuous Improvement: Linking Strategy and Operational Excellence to Achieve Superior Performance.](#)



James Franz has over 24 years of manufacturing experience and learned lean as a Toyota Production Engineer in Japan. He started at the Motomachi plant and then moved to NUMMI and then finally worked in Georgetown, Kentucky. After leaving Toyota, he then went to Ford to apply his lean knowledge beginning in production engineering. He was sent to Ford of Australia for 3 years and led their Stamping, Assembly, Casting, and Powertrain facilities to global leadership in lean for Ford. Jim also teaches for the University of Michigan's Center for Professional Development's Lean Certification course.

**About the Toyota Way Academy:** The Academy's mission is to teach the Toyota Way using the Toyota Way. For more information visit: [www.toyotawayacademy.com](http://www.toyotawayacademy.com)

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**Jim Franz:** Toyota was totally pilloried for the way they handled the floor mat recall and the pedal recall and the silence out of Japan. I think for them now, recall is the new normal. I think that when something like this pops up, just very simply, the andon gets pulled, they just do the recall. They're not going to mess with it. Regardless of well, in a PR perspective, it would be better if you could just send out a dealer field service bulletin or something under the radar.

In my opinion, I just think that's the new normal. If there's any question on it. . . boom. They're pulling in the trucks to look at a sub-component in an axle that might, under certain conditions, break, so they want to inspect it. That's a recall. That is the new normal in that company. They are absolutely going to do everything they can to get between any potential problems and the customers, regardless of how it looks.

**Joe Dager:** Welcome everyone. This is Joe Dager with Business 901. With me today is Jim Franz, the co-author of the Toyota Way for Continuous Improvement. Jim has more than 24 years of manufacturing experience and learned, Lean, as a Toyota production engineer in the United States and Japan. Besides co-authoring the book with Dr. Liker, he has now partnered with him at the Toyota Way Academy.

Jim, could you introduce yourself a little more and explain to me what the Toyota Way Academy is?

**Jim:** Thanks for having me today, Joe. Appreciate that.

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As you said, I got my start back in industry around. . . gosh, in July it'll be 25 years -- how time flies. I did start as a production engineer with Toyota over in Japan, and had other assignments -- Georgetown and Nummi. I left Toyota and spent a number of years at Ford, working on production engineering for a while. And I got a real opportunity to focus on Lean and Lean deployment when my wife and I were posted to Ford Australia for three years.

She was running the engine and chassis plants, which was great. I had a great student and a willing member and we led Ford of Australia to the global leadership in Lean deployment within Ford and the stamping assembly plant, engine, and chassis plants.

Upon repatriation to the US, I left Ford and went to work with Jeff as one of his senior Lean consultants. In 2008, we partnered up to form the Toyota Way Academy. Our goal was to kind of move beyond what we saw as the typical supporting functions for consultants for companies. We really wanted to teach the Toyota Way using the Toyota Way.

I know when I say that sometimes people think, well, that sounds like something out of the department of redundancy department. But it's really more of a partnership with a company, finding people that are the Lean advocates, the zealots, the people that just are continuously learning and continuously trying to apply what they learned. It's a learn by doing.

A lot of places we'd go, people like us will come in and do a bunch of work for somebody, and then scratch their heads when -- "Why aren't we getting this transformation?" So we really wanted to focus on teaching the Toyota Way using the Toyota Way, which is really the learn by doing and the deep embedded problem solving skills.

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**Joe:** Is that what you tried to get across to the book?

**Jim:** One of the things. . . one of the questions we were trying to answer with the book is. . . Jeff and I, we talked to all our colleagues and whatnot. We're always casting about and trying to find who gets it. Who is really on-boarding this, and who is doing it? You'll get some flashes of brilliance here and you'll get some excellent executives there -- you'll get some really switched on teams here and there. But what we were trying to understand is why. Why is there this gap?

People like Jeff have been studying Toyota since the early 1980s, and I worked there in the early 90s. It's been a long time since this has been out there as a way to drive operational excellence. What is the problem? What is holding us back? So we looked at it on a lot of different fronts, knowing that this is a complex problem. This isn't just simply just, "Oh, we're Americans." Or, "Oh, we're Englishmen." Or. "Oh, we're Australians." Or, "Oh, we're in this type of business."

We found as we started to peel the onion, that there was a very complex inner relationship between lots of different factors out there that were getting in people's way. We tried to address them, identify them, and offer some counter-measures for each one of these causes to this problem.

One of the things we also wanted to do was to be able to show people that yes, while this got its start in Deming and Shewhart and a lot of the early quality work done in the US, and it was then transplanted to Japan. Toyota, a car company, picked it up and ran with it. These principles and philosophies that underlie this entire way of thinking and this way of

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living are universal. It doesn't only count when you are dragging a Camry down the line every 58 seconds.

The whole middle third of the book, as you know, are case studies from our friends and colleagues that we work with in just a wide range of industries.

**Joe:** I think it's funny how people want to find a tool. I saw on LinkedIn the other day where someone was saying, "I'll share a Lean slideshow of what Kellogg did in their improvement process." People willingly broad-casted their email, which. . . you could sit and try to give them the world to get their email, but to be able to copy a reputable company in something they did, they willingly, publicly gave their email.

Probably three, four, five, six-hundred people did that. I was surprised because it's like. . . what you just said there. It's, one of the hindrances to installing this type of culture and installing this type of improvement process, is that we just want to plug something in. Kind of a plug-and-play type of thing we're looking for.

**Jim:** Yes. You did touch on something we tend to warn people about. It's very attractive to go on some type of benchmarking trip. A, it's fun. B, it's cool because you get to see other things. But it's a huge amount of hubris to think that by walking down a main aisle, looking at something that somebody's deployed and thinking, "Oh, I can just copy-paste into my organization and I'll get the same results."

You have no idea what problem they were trying to solve with what you're looking at. You have no idea the pain and suffering they went through to finally get that point. You haven't learned what they've learned.

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How can you expect that you can just simply, on the back of a trailer train going through a facility, or even if you're getting walked through by somebody and having it explained to you in depth, which is really just the shallow explanation. . . How can you think that you've truly embedded in your mind, and have the ability to go back in your organization and deploy this, something that they've been working on for years?

So benchmarking is kind of nice to open your eyes to what's possible. But all the learning that's going to make something embedded and part of your culture, you have to do. You have to walk that road. There are no shortcuts.

**Joe:** You just have to do it, right?

**Jim:** Yes. We haven't found a way to hop in a time machine, and even if you can shorten your learning curve by having other people that have done things and helped you along, you're still a little bit different in your own way. That's one of the things that we address in the book, is all companies are not created equal. You have different situations. Are you stable? Are you in crisis?

We talk about the leadership. Do you tend to be a very top-down bureaucracy; do you tend to be a decentralized organic kind of group? All of these things come into play, and they will impact the way you can move forward with your transformation efforts.

**Joe:** Is this what you mean by machine thinking that's attractive to a lot of executives?

**Jim:** Yes. It's one of our biggest challenges we're going up against the entire "B school" world out there. Steve Spear, I thought, talked about it very well in *Chasing the Rabbit*

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where he talks about all of our leadership now tends to come out of business schools. Who are taught to think in terms of transactions. "Where do I put the factory? Is this a make or is this a buy?" You do some accumulation of data and then bang! You make a decision!

That's what makes a really good strong leader, is you can make quick, decisive decisions, et cetera. We support that kind of firefighter, chainsaw, Al Dunlap kind of thing, but a company and a business isn't a machine. It's not something you walk up with a big honking wrench and crank on the bolt two times clockwise and suddenly your productivity goes up six percent. We don't all show up in the morning, plug our brains in, and get our updated downloaded software telling us how to do our work.

When you think about a business as a machine, you think that there are some types of solutions. You'll bring in technicians -- how about consultants from the outside, to tweak the machine, to play with the source code. Ignoring the fact that your business is populated with people, and those people need to be developed into problem solvers to help the business achieve its goals. You totally miss that way of thinking when you get caught in this machine-head type scenario.

It is attractive, because you can think of things -- well, like Lean -- in terms of, "This is a project, how about a war on waste?" That's attractive -- that'll look good on a banner when you come in the front door. "We're engaged in a war on waste!"

Well, what do you do in a war? You gather all your troops, the generals plot the strategy. You unleash your strategy; you have this big huge war. Then the war is over, you declare victory, you send all the troops home and you demobilize. This is really the exact opposite



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of what we're talking about, when you start talking about continuous improvement by developing your team's problem solvers.

**Joe:** That's what many people think about Lean. They think about going in there and having kaizen events or removing waste, or value-stream mapping the process.

That's, maybe, the way to get started with Lean. But what you're talking about with the continuous improvement, and in the book, is that next level, isn't it?

**Jim:** You have to start somewhere and wherever you are right now is perfectly fine. The types of deployment we've seen have run the gamut. Again, that depends on your leadership that depends on your business situation, and a number of environmental factors, if you will.

If you have some type of, gosh, I don't know, decentralized company where -- Magna comes to mind -- where each one of their facilities is considered a profit center. You might have activities going, a number of Kaizens, because you need to do it to learn it, to get good at it, and to know in what ways can these tools be helpful.

But this is where we put the onus on the leadership to have a broader vision for how this transformation is going to happen. It can't just be a tick chart of how many kaizen events you held. It needs to be a hard look at your people, their developmental needs, and making sure that everything you guys are doing, every project you are attempting. . . . What is obviously the process improvement? That's easy. But what are the people improvements?

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You've got to look at the process as a value stream and the people as well. Which is a bit of a throw back into the Toyota culture book, but that's something that we find is missed. They just delegate it. "OK, Steve and Susie, you are my kaizen blitz experts." And what they end up becoming is very, very good mechanics.

I don't mean that as a compliment. In that they can just take and massively deploy a wall to wall 5S with very nice evaluation forms, and moving averages on graphs, and things like that. And spend a lot of time and energy cleaning the place up, not understanding 5S isn't about cleaning the plant up, it's about visualizing the work so you can highlight problems. So we do find a bit of that.

There's not a bad place to start, but it has to be part of a broader vision. That's a lot of responsibility that we put on the leadership's back that we find, A, they don't really understand their role, or, B, they don't accept the role. "Well, I'll just delegate it. I'm the vice president of. . ." you know, put in a fancy title.

**Joe:** Is there a difference then between the Toyota way, than Lean?

**Jim:** That's where I guess we've got to be careful is the operational definitions of these things. Because Lean, I think, has been unfortunately one of the most misused words. We run into a lot of places where very mechanistic employment with a goal of reducing direct labor cost by 18 percent. That's not the Toyota Way to go in there and do a bunch of yamazumis and some work combination tables and make sure that one in five of our operators get the pink slip. That's a huge misapplication of the tools.

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Companies can be successful doing that, don't get me wrong. If you've got a bunch of good mechanics, they will be able to go out and really carve up the business. I'm not sure that what's left will be stronger than it was before it got carved up, but you can get gains doing rough and ready Lean or Lean with a sledge hammer.

But when we're talking about the Toyota Way, A, it starts on a foundation of; we have a long term view in mind. We are going to take some short term lumps provided we don't lose our way based on our true North. But we're going to be successful, not by treating our people as a cost to be reduced, or people that need to be more closely monitored through some wonderful IT package, but these are people that need to be developed to the extent of their capabilities because they, working together to solve problems, will help us achieve our business needs.

**Joe:** I always looked at Lean as a knowledge creation vehicle and PDCA as a way of creating knowledge. I think more that the Lean way is through the definition of gaps. That's really what it's all about is the problem solving, creating knowledge, improving knowledge. And that's where I think I may differ from the normal person that thinks about Lean because they think Lean and the first think that pops into their mind is waste.

**Jim:** Yeah. Or you get the horrible acronym Less Employess Are Needed and all those kinds of things. But I think that part of that is because a lot of the work that's out there talks about all of your Lean efforts should be to identify and eliminate waste.

Even in one of Ohno's books, he mentions that. It's kind of unfortunate because, I think at the time, he was really trying to distill down the work that he had done through his entire career into something that would be OK, in an interview or with his book. It's really difficult

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to try and encapsulate a lifetime spent problem solving without having someone look at you like, well, can you define that. He's like, "No. We find problems and we solve problems and we get better."

I do think it really kind of knocked a lot of people off of the path and to go into this whole war on waste thing, because now it becomes the ends justify the means. Where as in the Toyota Way, it's about the right process yielding the right results. And we're the ones that are improving the processes.

**Joe:** Is it different implementing the Toyota system, let's say in Japan versus the United States, and maybe the Toyota system, is it different in Japan than it is in China?

**Jim:** One of the constants we've found is everything is different.

Even facilities within the same company, you have to be aware of what it is you're trying to do and you have. . . There is not, unfortunately, a series of master formulas. There is not a dusty leather bound book somewhere that shows you the sage way to slowly go forward and implement Lean. There's no mystic art of war book that all expert Lean sensei have.

It depends. A lot of times people really don't like to hear that. But if you talk to people that have been on the implementation path they'll tell you the same thing, it does depend. You might have the exact same implementation road map in Brazil as you do in China. You might have two radically different implementation paths for two factories in China. So it's really one of these things where I can't tell you ahead of time how it's going to go until I can look you in the eye, look your people in the eye, understand where you're at, and help.

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**Joe:** I think it's interesting, when you explain in the book you define the current state in but then you set the target, you look at a gap, and you improve towards that target. That's how you look at most of your continuous improvement efforts, is it not?

**Jim:** Yes. The targets are on the path toward the true North, is the ideal, which is never achievable. But the targets need to be set in such a way that they're challenging, not easy, but not impossible. So, yes, there is a definite direction that you're heading and that's really set by the leadership of the company.

**Joe:** I had a question from someone that wanted to know if continuous improvement should be linked to innovation or does it just happen naturally if you're continuing to improve your company.

**Jim:** Well, I don't know if it's linked to it. I know that companies like Toyota in their product development process essentially plan for innovation. So they'll take seemingly an unachievable goal, and break it down into the smaller targets and innovation happens along the way.

People stretching outside what they know and do today to achieve targets, I mean, that's basically innovation. Whether it is a team member on a line, whether it is a product developer working on a new power train, whether it is a nurse in a receiving in an emergency room, any time you are moving your business or your process forward to meet targets, I'd argue that that's innovation.

**Joe:** One of the things we need to discuss is sustainability. That's where everybody has problems. Does your book go and touch upon how to sustain this? Everybody's got great

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ideas upfront. We can pick all these different methodologies. But when we look at them two years down the road, three years down the road, are they really still in place and being sustained and improved upon? What makes the Toyota Way different?

**Jim:** Well, the concept of sustainability, I think every time we've worked with anybody or even just talking with colleagues, that is always a core issue. It is like, "Why can't we seem to sustain the things that we've done?" I will say, "Well, I don't know. Why don't you tell me a little bit about what you've done, the approach you've taken, and what you've tried?"

Typically what we find is, well, we had our kaizen blitz team come into factory X or come into services Y and work with a local team, or not, and work for a week and did all the tools and did all the maps and left the future states, did the rearrange, et cetera. Six months later everything has kind of drifted back to where it was. A lot of what we find as a common denominator behind that is, you didn't leave in your wake developed people, you left improved processes.

In some cases, we've been there on a Monday morning, the operators come in like, "What's happened to our line?" I'll say, "Well, I don't know. I wasn't here when it happened." "Where'd my stuff go?" So they'll lose a half a shift while they try and put things back to the way they were.

I guess, really what I'm driving at, is we ignore the fact that we're not going to benefit by going in and solving somebody's problem. They have to be part of that problem solving. As they solve problems and as they learn then they get better and then your systems naturally get sustained because those are the people solving them.

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If you try and treat it as an outside SWAT team or the elite problem solvers or what have you, I would bet my next paycheck that it will not be sustained with a certainty of 100 percent.

**Joe:** So are you an advocate of a kaizen event?

**Jim:** I don't have problems with kaizen events. We've been part of a lot of them, but it needs to be part of a broader vision. I guess typical consultants speak; it needs to be done right. You need to have the right people there with the right targets. We like to work with, if you will, a counterpart in a place. That is the person that's leading the charge with the people that we're working with. Not that, "OK, here comes Jim. Let's grab a hunk of people and throw them in a conference room and do something."

So our biggest concern is that it's well thought through; it's planned; it's part of a broader vision. If you've got a kaizen blitz team whose mandate is to kaizen blitz, then that's how they're measured and that's how they're going to perform. So if you need to make rapid improvements -- if you're in crisis, if you've shot a customer, if you've got a massive defect rate going -- then you're going to need to do something very quickly and immediately.

But again, if it doesn't map back to your true North -- if it doesn't help you achieve an intermediate target along the way and it's going to backslide because you've missed a whole bunch of things -- then no. I'm not a big supporter of that.

**Joe:** Can you have pockets of excellence? Can you institute Lean in a segment over here? Or we're going to institute the Toyota Way and build upon it segment by segment to grow

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the company rather than, come down with this mandate that we're going to be a Lean company now?

**Jim:** We've seen it work both ways. Typically, if you've got an evangelist or a zealot who, on their own, has taken to educate themselves and try, try, try, you get that very organic deployment where you've got this pocket of excellence. You've got these crazy Lean people that walk around in flowing robes kind of thing, and they've done something wonderful in that part of the operation. They've done it through multiple cycles of PDCA.

Your challenge as a leadership team is to recognize that and be able to grow that. So they've gone very narrow and very deep. So your challenge then is to spread that across the organization. The other side of that coin, we've also seen companies be successful where they've had a very rigid bureaucratic, "We are going to be Lean and this is the process we're going to use."

So they start out very shallow and very broad. Then their challenge is to deepen that experience throughout the company. So eventually, both ways, you get to the same spot. You've got very good depth of knowledge, and you've got very good coverage throughout the company. So you can start either way understanding that you have to get wide and deep.

**Joe:** Can you transfer that to your vendors or can vendors understand and maybe even customers going down either side of the supply chain here? Do you have to find like companies to be successful you think? Like companies in the sense of other Lean companies or people that have the same philosophy or core beliefs as you do?



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**Jim:** If we start on the suppliers' side, I think we've got a horrible track record with how companies tend to treat suppliers. They don't see them as partners. They see them as ATMs, which will certainly initially have a lot of friction if you're trying to work with suppliers.

If you truly want them on board -- you want to teach them--you have to have a certain element of trust in there. If all you do is show up and beat them up on price or if you run an event with them and at the end of the event your purchasing guy is sitting at the end of the table and says, "What's our cost down?" then it's not going to be effective.

So again, it takes that longer term, mature view instead of this 89-day earnings reporting panic cycle that a lot of companies seem to be in. So you can't blame your suppliers for your relationship with your suppliers. You own that.

**Joe:** You talk about a get-it-done mentality destroys the PDCA cycle in the book. Can we always just take the bigger picture route? How can we express that we're trying to get there? How would you tell me to start with an outsider, with a vendor or a customer?

**Jim:** Well, one of the ways that when we get started in an engagement, is to make sure that the leadership of a company understands what is the purpose of this and what is their role to play in it? If you're talking with the CEO and the VP of purchasing to understand what their vision is for "How does my company work with the supply base"?

You might have some crisis going on. You might be operating at a loss and have 90 percent of your parts coming in purchase, so you've got some type of crisis you're trying to deal with. But your leadership has to clearly articulate a vision. Otherwise you're going to

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struggle when you're out working with the various teams, whether it be the middle managers or whether it be the actual teams themselves.

You can't go in and be successful on the long term unless this is part of a broader vision. Again, we continually throw it back to the feet of most of the failures we see are not failures because the people on the floor or out in the offices are dumb or lazy. It's just a glaring lack of leadership.

**Joe:** I'm going to play devil's advocate here. But if I don't see the initiative to cause the needle to move in the marketplace, what's the purpose to continue it?

**Jim:** Right, so if it didn't show up in my last quarter's bottom-line results.

**Joe:** Well, maybe not last quarter. I mean have patience. I'm willing to. . .

**Jim:** Two quarters.

**Joe:** Yes, two quarters, OK? Or I may not be able to be here when the change happens and the next guy will get all the credit.

**Jim:** Yes, exactly right, the bungee boss. That's exactly right. So no, if that's happening, then I've failed in my duty to educate people as to what to expect during this. If somebody's just sitting back and saying, "Well, OK. I'm getting really tired of writing checks to you," then I've already failed because you don't clearly understand what it is we're all together trying to do.

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A lot of this can be difficult to show up. If you look at the basic metrics we have. You know, the whiz kids created labor and overhead. God bless them, and that's the system we're stuck with.

In the most extreme case, if you did look at it quarter by quarter, you know that if you go out and you attack a lot of horrific hidden factory wastes out there, et cetera, and drop your whip by a million bucks, well, thanks to the miracle of absorption costing your profit's going to drop by a million bucks in that quarter-even though you just converted those widgets to cash.

So again, that can catch somebody off guard and say, "Oh, great! So not only did I pay these guys, I also took a million-dollar hit to my bottom line and my stock price is down 2.8 percent at the opening bell.

But it still goes back to understanding what it is you're trying to do, where you want to go, and knowing that everything that we're doing is leading us toward the vision that you've set if you are the CEO and the VP and the executive team and the C Suite people. That all of these activities, whether or not I can calculate an ROI on this kaizen project -- which heaven forbid somebody wants to do -- that they are heading in the right direction.

So you're measuring the right things. You have measurable progress toward the targets.

So if somebody in your devil's advocate example is sitting back saying, "Well, show me the money," then I would say you've done a very poor job of starting your engagement.

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**Joe:** So you think the first thing you have to do is that you have to sit down and paint the long-term outlook. I'll phrase it to the marketing perspective, is that I have to go over and work on and show what I'm going to do on the right side of the A3 before I would ever get a job.

But I know they've never completed the left side yet. I mean they've never done the planning and defined the problem, set the target, done any of that. But I'm in there trying to give a solution on maybe what appears to be the problem, to be able to work with someone. I think a lot of consultants face that.

**Jim:** Yes, because a lot of people are looking for the quick hits. Good luck to them, I guess. I hope you're successful. We find that a lot. People say, "Oh, the very first thing we want you to work on is come in and deploy a Hoshin Kanri." Are you kidding? Do you know what's involved in that?

Do you know how much work you need to do as a leadership team? Do you know how much communicating and understanding and definition and what has to happen at your level before you can try and just do a . . . They just think it's, "OK. Spend some time in a conference room, and come up with everybody's metrics." It's just a total misconception of what the tool is meant to provide the organization.

So it does require a leadership team to understand where they are, where they're going, what the situation is, and can sense on the direction that they're heading, because then it's very easy for the rest of the organization to align behind a vision.

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It's incredibly frustrating to work with the middle part of an organization and you're asking, "OK. Are we sure we're meeting the business needs? Are we sure we're doing this?" And they just kind of shrug their shoulders. They say, "Well, we don't know."

**Joe:** Can you start a pilot project? Is that the way to introduce Lean to someone?

**Jim:** We always try and start on a pilot project in a pilot area with their Lean people, if you will, because we want to create a laboratory. We want them to learn and to go through it, to be part of the doing, not having things done to them. Essentially, they're just trying to get around the PDCA cycle once. We just want to get that wheel spun one time around.

Then the challenge becomes, keeping your focus with them because now they need to go around the wheel again and again and again until that's their new normal. There's always a lot of pressure that once you work in a pilot line, in a pilot area, in a pilot facility, you do have success because a lot of organizations -- a low hanging fruit's ridiculous.

Then there's like, "OK. Control C, control V. Let's copy/paste this all over the organization." It's like no. The rest of the organization has no idea what this team went through. They have no idea what they faced. They have no idea if the countermeasure that's currently in place is going to hold up, because the environment that we live in is incredibly variable.

Sales change, customers change, suppliers change, raw materials. Everything is constantly in flux, so you're not looking for the team to develop the quote unquote "solution" to the problem, you're looking for the team to develop good problem solving skills so that when things do change, their lead time to implement countermeasures is very short.

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**Joe:** So what you're saying, that really the essence of getting a continuous sustainability, is for the basic problem solving skills to be instituted.

**Jim:** Yes, essentially that's it. You know, we want to destroy the hipshooting, we want to retire the firefighters and the smoke jumpers, and stop that type of behavior from permeating and being recognized and rewarded in organizations. It's very mundane if something changes and a team is able to respond and adjust to it without a massive program, or project, or VP visit, et cetera. It's just what they do.

You know, my situation has changed, we understand now that I have a gap between my current situation and my target. That gap represents a problem that we need to solve. Whether it's something very simple, like some type of quality defect that a 5Y can get to, or whether it's something much more complex that's going to, you know, cut across a number of departments, or even go back up into product or process design, you just still need to be thinking in terms of target, current state, gap, that's my problem, let's go to work on understanding the problem, and putting in a countermeasure.

**Joe:** Is your times that this type of pilot project fails and is your reasons for them failures?

**Jim:** Yes, pilot projects fail, and there are a number of reasons why pilot projects fail. A few that come to mind is, for one, it was just simply a "just do it" type of thing. "OK, we've got an issue over here, so just do it." You might not have the right people in the room. You might not have the people that the problem actually affects; you might have had the people that were available to join. You might have a disconnect between what the teams are trying to do on the floor, if you will, versus what the people in the office are doing. So

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just disconnects in communication, poor planning. Yes, pilots, there's a lot of failure modes for pilots.

One is trying to jump to quote unquote "solutions" and not take the time to understand the true nature of the problem. We might take a symptom and declare that to be the root cause, and slap a band-aid on something. We see that quite a bit. If you look at the problem solving, if you look at what's in the 'P'. . . . in PDCA there's a lot of work involved in there. But people typically just want to blow through the planning and get into the doing because they think that's what they're supposed to be doing. "I'm supposed to be doing something." Like, well, if you don't understand the problem then what you're doing A, isn't going to help, B, it might hurt, and then a very small statistical probability might actually lead toward improvement. Typically the failure modes of the pilots are just not following PDCA.

**Joe:** What would be some of the hints, that maybe you would give, to have a successful pilot project?

**Jim:** Well, it's kind of like how do you get out of a recession, you don't get into one to begin with, in that you don't start a pilot until you have everything in place you need to be successful. Especially in the early stages, when this is something strange and new and people are leery about it, or the leadership team is worried about it, you really need to have it be successful right out of the gate, and that does take proper planning. Not only on the part of the teams working on the project, but really, I guess from a . . . If you're talking a consultant led project, the consultant needs to make sure that all of the building blocks

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for success are in place to make this happen. So do not pass 'go' until you have your entire checklist items ticked off.

**Joe:** So you're saying that before you start, that you're really going to define, you're going to find an obvious problem, maybe it's not an easy problem to solve, but an obvious problem that you want to work on that will make a financial impact, and maybe the personnel to solve the problem well-defined.

**Jim:** Yes, well-defined, as well as the expectations of the people that are working on the problem itself, because, again, it's a lot easier to measure the progress of a process than it is to measure the progress of your people. You need to have both of those, you know, front of mind when you start working on these things. If I've got a person out of procurement, if I've got a person in materials, if I've got a person from design, or if I've got the head administrator for an office or a department -- at the end of this what is their improvement going to be? How will they have gotten better, gotten stronger, et cetera? So you really need to have a very wide view of what are the expectations for this.

**Joe:** I think I have a pretty simple answer for this, but I'm going to ask you to see if it's different. But how do you develop problem-solving skills in people if it's so important?

**Jim:** Well, one problem at a time, essentially. It's not really something you can go to school and study, et cetera. Each one of the problems that people are working on is unique to their area, they might be unique to their job function, they might be unique to their position, but it's really simply learning by doing. You need good guidance, good coaching. You need to be able to help them course-correct if you see them heading out, but people need to learn and struggle, otherwise they're really not learning.



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If you give them an answer to something, you haven't really done them a favor. You know, there's a lot of examples out there in the literature of, you know, a sensei just watching his student struggle, full-well knowing the answer. I've been in that situation where, yep, I could tell you exactly what you need to know to get through that, but short of burning the joint down, you are going to struggle and get to the countermeasure with a little bit of help from me.

**Joe:** You think it's very imperative that they have a sensei or coach?

**Jim:** Yes, I think the old master-apprentice relationship, you know, that existed for thousands of years, is a good model -- in that a piece of paper does a lousy job of teaching somebody. I can ask a piece of paper all the questions I want, it's still going to be a piece of paper. Some of the research work done out of MIT back in the 90s, one of which became the machine that changed the world, but there's a lot of other research done by MIT on that.

They talk about the art of Zen learning, and in it, it talks about the importance of having the master-apprentice relationship where the apprentice is learning, and they are slowly developing and they are becoming over the course of their career, a master in the subject. I hate to use that word because I don't think anybody would call themselves a "master", I mean, we're learning 'til the day we die. So maybe it's someone with more experience. I do think that that relationship is important.

**Joe:** Are you looking for someone that's really good at problem solving to maybe be a member of a team, or someone that's really good at their craft?

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**Jim:** Well a good problem solver, I don't think has all the answers, I think they ask good questions, no one is all-knowing and omniscient. Someone might have a very good in-depth knowledge of a particular function or a particular interrelationship of departments or whatnot, but they're simply a master of their particular craft.

If the problem is so narrow that simply going to the craft master, if you will, can solve it, then you don't need a team anyway. I haven't really come across somebody that has really had that suite of skills and excellence. Especially in the larger complex problems, that can't be known. So it's nice to have that ready answers to questions, but it's never a counter-measure to problems.

**Joe:** So ready, aim, fire, isn't probably a good subtitle of the book, right?

**Jim:** Yes. Fire, fire, fire! Um, aim? Yes, OK, OK.

But that's exciting for some people. It's kind of, I guess, counter-intuitive to think that you will be successful and the team, and the group, and the company will advance relentlessly because we are methodical problem solvers. That's boring. You like to have the guy with the 'S' on his chest and the flowing cape and the boots. I mean, that's very attractive to people. "Somebody take charge!" Well you can take charge of problem solving, but you're not George Patton directing traffic in France just after the invasion.

**Joe:** What would you hope someone would take from the book, Jim?

**Jim:** One of the things I think that we're trying to do is to let people know that these are universal philosophies and constants that can be applied anywhere. That your goal is not to

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be Lean, or to be something at some static point in time, it's to recognize the fact that your goal and this transformation is to really develop people in to being good problem solvers in the organization, and have problem solvers at all levels. To just kind of change the paradigm and the way we see things is everything is a problem and problems aren't bad. Problems simply mean that we've identified a gap between our current state and target and we need to close it.

**Joe:** Jim, what's the best way for someone to get a hold of you?

**Jim:** We're available through our website, [www.toyotawayacademy.com](http://www.toyotawayacademy.com). There's a few different ways -- people can click on the 'Ask the Doctor' segment where you can ask Jeff things directly that have been bugging you, or you can just send us a general inquiry through the 'Contact Us' tab but through our website at [www.toyotawayacademy.com](http://www.toyotawayacademy.com).

**Joe:** I want to thank you, Jim. The podcast will be available on the Business901 blog site and also the Business901 iTunes store. I have to admit, I'm in my second reading of the book already, because I just didn't think that I took enough away from it. There's a lot there. So I highly recommend it to anyone, it's the Toyota Way to Continuous Improvement. So, thanks again, Jim.

**Jim:** Thank you, Joe.

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Joe Dager is President of Business901, a progressive company providing direction in areas **such as Lean Marketing, Product Marketing, Product Launches and Re-Launches. As a Lean Six Sigma Black Belt**, Business901 provides and implements marketing, project and performance planning methodologies in small businesses. The simplicity of a single flexible model will create clarity for your staff and as a result better execution. My goal is to allow you spend your time on the **need versus the plan.**

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