

theleanmag

lean | kaizen | operational excellence | continuous improvement | strategy | leadership

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CRISIS MODE

How to manage?

How to lead?

POST-CRISIS MODE

What will the new normal be?

Are lean values still valid?

the reader's corner

"Lean in nonprofit"

The background is a composite image. At the top left is a detailed illustration of a coronavirus particle with red surface proteins and a grey core. In the center is a tall, white lighthouse with a red lantern room, illuminated from within, set against a clear blue sky with a few stars. In the bottom left corner is the head of an elephant with large tusks, and its head is partially covered by a monarch butterfly with orange and black wings. In the bottom right corner is a stylized speech bubble logo with a white outline and a white 'tIm' inside. The speech bubble has a gradient from pink to purple and is surrounded by several smaller, semi-transparent circles in similar colors.

tIm

top contributors | great content



Editor's (quick) note:

Hi. Welcome back!
Issue #3 is here.

In tough times, we all need guidance. A strong leader to follow.

I started this issue during the COVID-19 outbreak.

Chaos got into our lives, our economy is crashing, companies are shutting down, lockdowns, emergency, calamity...

The whole world is finding ways to control the virus and people are showing kindness, attention and solidarity at a level never seen before.

Companies are reinventing and pivoting their businesses...

Will it last? Will the world leaders be strong enough to keep the cooperation and good will making this a better world?

Are they (are we) learning anything?

Thank you for reading.

Pedro Monteiro
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by Lauren Wisniewski - the reader's corner



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How to Manage a Crisis

by Julie Savage-Fournier | JSF Optimization

What has disrupted your business lately? Loss of customers, tsunami, overnight transfer to remote working, tornado, flood, oil spill, customer recall, new competition. In times of hardship, we see some businesses vanish, and others pivot on a dime, launching new products and services. How do you dif-

ferentiate the ones who will stay relevant from the others?

We live in a world where complexity is the rule, and major events that cannot be predicted by experience and existing data will happen. The very intricate nature of our global economy, ecosystems, politics and social relationships makes it impossible to foresee with any certainty what happens next. Disruption and crisis will be to businesses what forecasts are to the weather: something we must live with, whether we saw it coming or not.

How to recover from a crisis?

Almost everybody's answer is "Leadership". If you are a leader, how does it help you to know that? It puts the pressure on you to get your team out of the woods, but it doesn't give you a map, nor a compass. Now is the time to answer with something

more helpful. Planning will help get you through what has been foreseen. But

there will be low-probability and high-consequence events coming with surprise challenges. When this happens, nobody has answers, and everybody becomes a learner. The role of the leader is building a structure to help the team feel secure during the exploration of the uncharted territory.

In business continuity and crisis management, Coast Guard Vice Admiral Thad Allen is recognized for his performance in managing the US federal response to hurricanes Katrina and Rita. He was promoted to Commander and became the go-to person for fixing catastrophes afterwards. His se-

cret is to **establish unity of purpose and a unity of effort**. What he means is everyone should be aligned towards a common goal that is simple to understand and relatable. This purpose will drive the efforts of the stakeholders in the same direction.

It should ring a bell to Lean practitioners. Whether you call it the "true north" or the "target condition", that's what you already are trying to establish with your teams. Having built a habit of problem solving and investing in the development of people starts paying when the unexpected becomes the new reality.

Leading with values

Look at Toyota's guiding principles:



The sustainable development of society through ever-changing innovation and the provision of high-quality products and services

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This has led the company through manufacturing looms or cars, times of war, financial crisis, earthquakes, pandemic and floods over the last 75 years.

Another example is the resilience of Johnson & Johnson when their Tylenol capsules were laced with cyanide in the 1980's. Their executives report that they didn't have a plan to manage the crisis and were guided by the company's values worded 40 years before:



the company's responsibilities are to the consumers and medical professionals using its products, employees, the communities where its people work and live, and its stockholders."

Their values manifested by pulling all their products from the shelves, thereby demonstrating they were putting customer safety before profit.

The strength of sincere values that align your personal and corporate behavior is that they apply in any situation. It allows your organization to stay coherent and keep its identity, even when going on a transverse path.

Transparency

The goal of managing a catastrophe is not to come back to the old normal, it is to create a steady state with new conditions. There is a grief process to

acknowledge and a new trust to build. Some people avoid these discussions with the excuse that they are trying to protect others; however, they are really protecting themselves from the reaction to hard news. Crisis is not the time to keep information from your team.

Trying to act like the situation is completely under control is a lie that will fool nobody. If anyone remembers Tony Hayward, CEO of BP when the Deepwater Horizon accident happened, it's for his statements minimizing something everyone else knew was a disastrous event: "The Gulf of Mexico is a very big ocean. The amount of volume of oil and dispersant we are putting into it is tiny in relation to the total water volume". Reading this will still make people cringe, even 10 years later.

The next target condition is the survival of the organization.

Trust is what will keep your team working towards the goal you set, and they need to know exactly what is at stake.

Chances are, they know way better than you do how chaotic the situation really is.

They are on the Gemba all the time after all. Denial will make you lose your credibility and will bring more anxiety amongst your collaborators.

A crisis is not a time for sugar coating. It is a time to admit what you know and what you don't know. Randall Tobias, newly appointed CEO of Eli Lilly and Company the same day a drug trial went awfully wrong, popularized the saying: "Get the Moose on the Table", (ref: Lessons in Leadership from a CEO's Journey through Business and Life by Randall Tobias, further developed in Moose on the table:

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A novel approach to communication at work by Jim Clemmer). In his first meeting, he had to acknowledge his lack of knowledge in the pharmaceutical field, and the orientations for further actions. That is exactly what needs to be done: put the spotlight on this moose taking up space in the room while people are trying to work around him. By speaking up, he reassured his new collaborators that he was caring for the patients before the company's bottom-line. This is how he eased the tensions caused by his controversial arrival as the leader of the organization.

Being sincere, even without all the answers, will show you are aware of the situation and of the obstacles ahead of you. Of course, you need to stay optimistic and believe in your collective capacity to step up to the new challenges on your plate. To do that, remember you have worked with your team for a while. You may have hired them; you know their strengths and have celebrated successes with them. If you are not sure, start experimenting and monitoring your progress – it's simply an unplanned process improvement project.

Lean tools like a Kata board, A3, Obeya or Hoshin-Kanri will help maintain transparency. You don't want to spend too much time on page layout, though. The real value-added here is the concentration of the relevant information in one place, visible by all. You can improve by iterations and involve your team in providing feedback on your communication.

Collaboration

The values and transparency create the unity of purpose, then you need the unity of efforts. Without coordination, you risk spending your limited resources on individual initiatives that may not be useful. In the Covid19 epi-

demic response, a concern for safe protection equipment supply in hospitals is the shortage of raw

material due to many initiatives of making masks and gowns that do not comply with required standards. Basically, well meaning people are using up resources to make protections that are not safe for the hospital staff they want to help.



Being present on the Gemba, accessible and ready to help move obstacles out of the way is a necessity.

If your Gemba is now remote-working, you need to reach out to each team members on a regular basis – there is a need to feel the presence and the connection even when keeping a safe distance.

When the usual processes are disrupted, people's place on the work line is undefined and they need new ways to find clarity and sense in their work.

Using iterative cycles - in the forms of improvement kata, PDSA/PDCA, or your own declination – gives structure by breaking up the challenge in digestible bites.

It prevents your collaborators from being overwhelmed by the whole picture and focuses them on the next step to achieve.

Coordinating the efforts should not be a boardroom activity. You need a ridiculous amount of immediate decisions made.

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Survival and getting to safety must rely on your organization's automatic nervous system.

That's the empowerment and autonomy of the people closest to the issues. When the new steady state is achieved, you can resume your higher strategies and go back to thinking of your long-term objectives.

During the automatic response phase, all visual management initiatives (quickly implemented) are welcome. They are a powerful tool for empowerment, autonomy and communication. They rely on long learned automatisms of our human brains and leave cognitive space to tackle harder tasks like problem solving and decision making. If your organization already uses some codes and symbols, it's time to put them to work and exploit their potential to the fullest. Otherwise, go with simple codes that have no need for explanation (such as red-yellow-green lights).

Color coding, shadowing and signalization will give a quick understanding of your setup, even if it moves around due to quick iterations. The next shift will come in and notice the changes immediately. It's another way to make the evolutions and iterations look organized and easy to understand. For a major change like redesigning all the storage area of a surgical suite in a hospital, giving a

specific color to each surgical specialty helped the nurses find their way around the material way more efficiently, even when changes were made to the setup over time. Localizing their color on an aisle is much easier than looking at tiny product codes and description. In a context where the supplies look extremely similar, but size and purpose does matter, it speeded up the process to locate material and freed nurses 5% of their workload. Even better, it allowed these material seeking tasks to be delegated to logistics clerks because nurses trusted they would receive the right items.

What's about Lean?

Basically, managing a crisis goes back to the core principles of Lean, that are often referred as the 4Ps (ref: Toyota Way by Jeff Liker): Philosophy, Process, People, Problem solving*. When the processes become unstable due to extrinsic challenges, you can rely on the 3 other Ps to operate until your pyramid's integrity is restored.

Remember that if continuous improvement is already part of your daily operations, you have developed your workforce to have the tools and skills necessary to get through the difficult times and come back stronger on the other end. This investment in people was an investment in the continuity of your business, and it will pay during a crisis by maintaining your



operations, creating new opportunities, and improving your marketing and your employer brand. Because crisis uncover characters, and your ability to stay strong in the storm will be noticed.





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