

LEAN CUISINE FOR ORGANIZATIONS

INTRODUCING LEAN CULTURE

Millions of Americans are enjoying healthy life thanks to growing awareness of health and fitness. Your friendly neighborhood supermarket butcher removes excess fat from red meat so you could enjoy benefits of lean cuisine and not feel guilty. Numerous popular food franchises have special sections on their menu advertising “Guilt-Free Cuisine”. Today, endorsed by American Medical Association and from Doctors around the world, we’ve come to accept Lean as a successful lifestyle for humans. For a healthy body, Lean is the Mantra.

Just as individuals go the extra mile to stay fit to avoid “extinction” so must industry. Lean in an industrial context means reducing excess fat from business operations by producing what’s needed, when it’s needed with the least amount of time labor and resources. In this article we will examine why Lean is the Mantra for Success in corporate world.

Lean is “Applied commonsense”. Anyone who has used commonsense along with a bit of critical thinking in performing any task has experienced “Lean”. Everyday whether it’s home or at workplace, we see wasteful ways of doing things and we see easy, standardized, and Lean ways of getting things done. What we choose determines our ability to succeed.

Milton Friedman Scholar, Thomas Sowell in his “Basic Economics-A Citizen’s Guide to the Economy” 2004, analyzes great entrepreneurs of our times such as Henry Ford, J.C. Penny, and Sears and has demonstrated how these economic powerhouses built economically viable empires and prospered using Lean commonsense. The purpose of their organizations was not just to provide high levels of service to their customers, but also to make huge profits for their companies. Thomas Sowell quotes a distinguished British economist named

Lionel Robbins who gave the classic definition of economics: “Economics is the study of scarce resources which have alternative uses”. Lean observers would tend to agree that Lean commonsense is very much in line with Lionel Robbins’ definition of basic economics. Lean thinking is about utilizing the scarce resources where it makes economic sense.

As the World moved forward from the Great Depression of the 30’s and then the World War II in the 40’s, Industrial Nations started using mass production techniques to fill the demand for goods. To increase efficiencies and garner greater profit margins, business processes were developed with standardized approach. To promote this concept of standardization based on lessons learned from NATO’s management of supply chain, Engineers collectively formed International Organization of Standardization, commonly known as ISO. ISO standards provide guidelines which instill a disciplined approach in people who perform tasks within an organization. ISO 9000, which deals with implementing effective management processes in organizations, enables a process to consistently produce expected results. When implemented correctly, ISO 9000 elicits management support and drives continuous improvement in the organizations. Ever wonder why all the credit cards in your wallet are of the same size? You may have guessed the answer; ISO standardization enables their design to fit inside the designated slots in your wallet. ISO 9000 standards are of special significance in the evolution of Lean Culture for businesses. For the last several decades, the ISO 9000 standards have provided necessary framework and solid foundation for businesses to evolve into Lean organizations.

In the era of internet, mass-production wasn’t enough to sustain growth. This was a turning point in our society when according to Mary Poppendieck “in the 80’s a massive paradigm shift hit the factories throughout the US and Europe.” With this paradigm shift and by following the principles of lean commonsense, advanced economies started producing widgets or services better, faster and cheaper. As

we mentioned earlier due to mass production, product supply had gone up. Well, along with that, service levels have also increased and numerous suppliers throughout the world now compete for the same order. Bill Gates in his “Business at the speed of thought” 1999, talks about using PC’s as the “digital nervous system” and his belief about “how you gather, manage, and use information will determine whether you win or lose.” Evidently, with internet as the great Equalizer and business intelligence at peak levels, more businesses throughout the world can meet and satisfy consumer demands. This has led to slaughtering another sacred cow in the organizations; another paradigm shift; wherein everyone is responsible for Quality of work performed by them. In order to gain market share, competing organizations need to deliver exciting quality and customer satisfaction along with product they are selling.

Certain organizations stand tall amongst thousands of global corporations who compete for our business. Our generation has grown up with McDonalds, and Nordstrom. Organizations that deliver what we need, when we need, along with a satisfaction guarantee form the fabric of our current socio-economic infrastructure. So what do companies such as GE, Motorola, Dell, Toyota, FedEx, and Southwest have in common? They are all customer focused and their processes are driven by lean commonsense; more suitably known as “applied commonsense”. Toyota Production System (TPS) very clearly exemplifies how Organizations can turnaround their operations by adhering to the following Lean Principles.

1. Specify value in the eyes of the customer
2. Identify the value stream and eliminate waste
3. Make value flow at the pull of the customer
4. Involve and empower employees
5. Continuously improve in pursuit of perfection

In his article on “Toyota Production System: Beyond Large-Scale Production, 1978,” Taiichi Ohno says TPS was born out of need. After W.W. II, Toyoda Kiichiro, President of Toyoda Motor Company said”Catch us with America in three years. Otherwise the automobile industry in Japan will not survive”

Rest as we all know is history. Performance wise it’s evident that the Toyota Motor Company has experienced steady, yet exponential growth and has continued to show huge profit margins beating all competition in “passionate pursuit of perfection”

Lean Principles seek order in chaos. The key to Toyota’s success is in following the Five Lean Principles, elimination of waste, and utilization of Lean Tools such as just-in-time and autonomation. Just-in-time production is production based on existing customer demand. It’s a process wherein a later process goes to pull only the parts needed from the earlier operation, when they are needed. Autonomation means automating a process by error-proofing and including inspection. Lean thinkers in organizations will find many such tools and techniques utilized by Lean organizations that benefit both, the organization and employees working within the organizations.

Lean culture is a product of necessity. Although Lean defies old cost accounting theories, along with being “Applied Commonsense” Lean also makes sound economic sense. As we’ve all witnessed, 80’s onwards, businesses in the advanced nations have experienced accelerated growth like never before. Financially and operationally stellar performances of World Class Organizations have proven that Lean is the Mantra for running successful and profitable business organizations in the new millennium.