Creating a Culture of Change -
Lessons Learned

Integrating LEAN Practices Into Your Company
Jeffrey Howe, PhD
Dovetail Partners, Inc

Regional Wood Products Consortium - Special Innovation Workshop
Fear of Failure Freezes Companies in the Status Quo - sometimes for decades!!
Only Those Who Attempt The Absurd Will Achieve The Impossible

Albert Einstein
Car Insurance in the 1970s

Source: Patron’s Insurance
What is Change?
Do you...

- Encourage employees to take risks and support mistakes?
- Have a process that supports innovation?
- Reach outside your company for diverse ideas?
INSANITY is doing the same thing over and over again, and expecting different results.

--Kipling
YES, You really have to do something different!
Important

Match “People Approach” to Top Leadership Style!
Roseville Start

- 4 week lead time
- Late Shipments
- Increased Errors (Reduced Quality)
- Reduced Margins
- Big Inventories
- Big Debt
- Bulging at Seams

Source: www.hillwoodproducts.com
5 years later

- **Lead times**
  - 6 wks ...... 6 hours (99.45%)
  - 3 wks ...... 4 days (100%)

- **Inventory Turns**
  - 8/yr .... 60/yr

- **Avg Price** .... DOWN 15%

- **Avg Profit** .... UP 14x
How Did This Happen?
Creating a Culture of Change!
Also, How Do you Create support on a shop Floor?

- Let them pick
- Paint the whole picture - E.g. Marketing
- Frees up capital to do investments
- Try a “LEAN” event
Change is:

1. **Vision** - Looking at your company from different perspective
2. **Team Learning** - ability to lead, learn and develop as a group
3. **Personal Mastery** - develop new skills
4. **Whole Systems Thinking** - LEAN
5. **Mental Models** - eliminating obstacles, which might be people and even might be YOU
1. Vision is...

- Clarifying & perhaps recreating yourself - are you a wood products company that makes furniture? Or a furniture company...?
- Knowing what makes you TRULY unique and valuable to your customers!
Alignment Behind a Vision
Standard Measurement System

- Sales
- Margins
- Growth
CC System

- Profits (Gainsharing)
- # Employees
- Total Compensation
5 Years Later

- Pre-Tax Net Increased 14x
- Employees doubled
- Employee Avg Pay Increased by 50%
Organizational Structure & Leadership that Support Vision
Leadership is about:

Prioritizing and Making Decisions Quickly
Time-Based Decision Structure

- Next or Future Years
- This Year
- Next Month
- Next Week
- Tomorrow
- Today
Time-Based Decision Structure

- Next or Future Years
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2. Mental Models

- Have you identified “limiting” (we can’t) and “supporting” mental models (we can)?
- Have you dealt with the limiting ones?
Change is the willingness to throw out some closely held beliefs and take risk.
3. Building Teams
Why Teams?

Pull Together
Team Basics

- Meeting Management Tools
- Team Purpose?
- Team Values
- Team Ground Rules
Sample Meeting Management Tools

- Agenda: topic, reason, time limit
- Action-Decision Register:
  - who agreed to do what by when
  - What decisions were made
  - Review at following meeting
- Facilitator & Scribe
Conflict Resolution

Wheel of Marketing

- Benchmarks
- Assessment
- Possibilities
- Success Factors
- Responsibility
- Action Plan
Team Learning

- Are you challenging your team to grow?
- Are you meeting regularly and is group improvement a topic?
- Is operating as a team a priority?
- Do you have agreed on approaches based on current writings - E.g. “The Goal by Eliyahu M Goldratt”
Give Teams BIG Goals
Big Hairy Audacious Goals
Painting Example
Key Leadership Implementation
High Performance Leadership Teams
Training for all Leaders
4. Personal Mastery
Great Companies have employees with high skill levels
- #1 skill? - Interpersonal communication
- How do you measure success - can they easily get a job elsewhere?
Personal Mastery

- Do you have development plans for all individuals?
- Are all key individuals being challenged to learn & grow intellectually?
- Do you have people purposefully learning new business skills?
- Are people reading?
Build Trust

- Integrity
- Intent
- Capabilities
- Results

- Trust is a learned skill!
  - Read “Speed of Trust” by Stephen M.R. Covey
Be Creative In Using People’s Skills
Grill Business Story

Source: www.pubsignshop.com
Hire/Outsource Missing Skills

E.g. Paint Expert
5. Whole Systems Thinking

- Are your business systems reviewed and prioritized for improvement annually? (see pyramid)
- Are your priorities reviewed monthly?
The Planning Pyramid ©

Based on the work of Jeffrey Howe, PhD and Steven Bratovich, PhD
KEY System: HR

- Written Job Descriptions
- Clear & Agreed on Expectations
- Incentive Systems that Support the Plan
- Personal Development Plans
- Organizational Structure that is Fluid
- Train, Train, Train
Also…

- Does every employee have weekly time dedicated to improvement?
- Is every employee specifically have financial incentive to make improvements?
- Are employees rewarded for working together to solve problems?
- Do you celebrate?
Can all your employees -

- Change their work processes?
- Make product decisions?
- Tell the CEO she’s crazy?
Communication system is the most neglected system at most companies!
Where do People Sit?
5 1/2. Finally

Write Plans!
Written Plans Are:

- #1 Differentiating Characteristic of Successful Companies
- Basis for Benchmarking Change
- Key to Clarifying agreements
- The Process that gets the Company in “sync”
Ol’ Doc Jeff’s EZ Plan

1. What needs doing and why?
2. What are your top priorities & why?
3. Which ones are you going to do this year & why?
4. Who is going to do it & why?
5. When are they going to do it?
6. How will you know it has been done?
A Planning Guide for Small and Medium Size Wood Products Companies

Jeff Howe and Steve Bratkovich

The Keys to Success:
- Strategic Plans
- Marketing Plans
- Operating Plans
- Financial Plans
- Organizational Plans
- Business Plans

Second Edition
Conclusion

- Read “Good to Great” - get the right people on the bus
- Keep them learning & growing in ways that support the company
- Provide the right incentives
- Create a culture that support risk taking and innovation
- Utilize equipment that is EZ to change
- Make problem solving a skill
Jeff Howe

Jeff@dovetailinc.org
651-261-6391