Lean Daily Management: 
Achieving Performance by Enabling Teams

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What is Lean Daily Management?

- Definition: A set of processes which lead our teams and leaders into a continuous improvement cycle.
What is Lean Daily Management?

• A system that allows you to deliver customer value through proper support & leadership to those who are closest to the process (customers & process owners)

• Some Lean Daily Management elements are common to Leader Standard Work (visual control boards, and daily accountability)

• LDM is not effective unless used with the right mindset- starting with effective lean management!
## Traditional vs. Lean Work Environment

<table>
<thead>
<tr>
<th>Traditional</th>
<th>Lean</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Complex</td>
<td>• Simple and visual</td>
</tr>
<tr>
<td>• Management by status reporting</td>
<td>• Management by sight</td>
</tr>
<tr>
<td>• Push system</td>
<td>• Pull system</td>
</tr>
<tr>
<td>• Just-in-case inventory</td>
<td>• Inventory as needed</td>
</tr>
<tr>
<td>• Batch production</td>
<td>• Single item or small batch size</td>
</tr>
<tr>
<td>• Long lead time</td>
<td>• Minimal lead time</td>
</tr>
<tr>
<td>• Quality inspected in</td>
<td>• Quality built in</td>
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<tr>
<td>• Functionally managed</td>
<td>• Value Stream Managed</td>
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Traditional vs. **Lean** Leadership

**Traditional**
- Staff meets goals set by leader
- Leader plans
- Information controller
- Sole problem solver
- Technical expert

**Lean**
- Ensures team goals support vision
- Direction setter (visionary)
- Information conduit (sharing)
- Facilitates “root cause” analysis
- Technical resource
A visual daily performance management system is:

- Visual
- Timely
- Drives Action & Learning
Lean Daily Management Supports the Enterprise

Enterprise

Plant

Daily Performance Delivers Value and Achieves Business Goals

Business Unit (value stream)

Production Cell (work center)

High-level business objectives cascade down the organization
Five Elements of a Lean Daily Management System

1. Routine Huddles
   - 5 -10 minutes in front of Primary Visual Display. Everyone has same picture, same priorities

2. Primary Visual Display
   - Information center for the work group. Updated regularly
Five Elements of a Lean Daily Management System

3. Key Performance Indicators (KPI’s)

- Measures that gauge performance. Should address Safety, Quality, Delivery, and Costs etc.

- Good KPIs are:
  - Managed by employees
  - Easily understood
  - Visual
  - Charted manually
  - Easily calculated
  - Reviewed by management on a regular basis
Five Elements of a Lean Daily Management System

4. Action Sheet system:
   - A method of capturing and verifying bottom up improvements from the team and reporting status

5. Short-interval leadership
   - Regular contact by supervisor with each employee in the work group, such as 30 seconds twice per shift.
Five Elements of a Lean Daily Management System

Leader Standard Work + Visual Controls + Accountability & Discipline

RESULTS
Safety Quality Delivery Cost

Stability
Discipline
Lean Daily Management at the Site

Plant Level (Tier 3)

Department Level (Tier 2)

Cell Level (Tier 1)
Why should we work on Lean Daily Management?

• Solve problems at the source.
• Improve communication at all levels.
• Involve all partners in business administration.
• Engagement at all levels on SQDCI KPI’s.
• Daily feedback.
• Team Work.
• Continues Process Improvement.
• Continues challenging.
• Empower Value Stream Core teams.

Continuous Learning!
What do we want from our Teams?

Continuous Improvement !!!

Standardized Results

Measure performance

Problem Solving

Identify the Gap from our Goal

*PDCA, Deming CI Cycle
What do we want from our Leaders?

Audit / Coaching

Audit / Coaching

Audit / Coaching

Audit / Coaching

Continuous Improvement !!!

Identify the Gap from
our Goal

Measure performance

Identify the Gap from
our Goal

Problem Solving

Audit / Coaching

Audit / Coaching

Audit / Coaching

Audit / Coaching

Standardized Results
The Complete Lean Management System

Manage Things – Lead People

Lean Daily Management

Leader Standard Work + Visual Controls + Accountability & Discipline

Safety Delivery Quality Cost

LEAN LEADERSHIP

Beliefs → Behaviors → Actions

Management Leadership

- Standard Work - Communication
- Visual Controls - Trust
- Accountability - Direction
- Discipline - Coaching
Role of Leadership in Lean

The diagram illustrates the role of leadership in Lean, categorized by frontline employees, frontline leaders, middle management, and executives. The roles are differentiated by color:
- **Daily Mgmt**: Yellow
- **Kaizen**: Blue
- **Goals & Breakthroughs**: Red
- **Strategy**: Light blue

The proportion of each role in each category is visually represented through the bar chart.
Who must change *for effective LDM*?

- Plant Manager...morning meeting on shop floor vs. office
- Business Unit Managers..Standard Mgmt Work
- Supervisors...cell-by-cell daily performance reviews with operators
- Operators...update their own daily KPIs
- Engineers...engage operators in daily learning
Lean Daily Management

Tool Kit

- KPI Boards
- Hour x Hour Boards (takt rate)
- LDM level meetings
- Gemba Walks
- Leadership Behavior
KPI’s
A KPI represents a performance measurement that provides direct feedback about the way we are performing.

**Good KPI’s are:**
- Managed by employees.
- Easily Understood.
- Charts manually updated (not in a computer).
- Easily calculated.
- Reviewed by management on a regular basis.
KPI General Requirements

• Visual
• Easy to understand.
• Gemba driven.
• Core team ownership.
• Managed like a Score board.
• We must know if we are hitting or missing the target at first sight (RED or GREEN)
• Focused on the Voice of the Costumer (V.O.C.).
• Aligned with strategic business objectives.
• Must be capable to distinguish the severity of the issues.
• Must be maintained on a daily basis.
1. Safety Focus
2. Customer Focus
3. Internal Focus

Employee safety is #1

Cell focus on Customer Impact
Internal Improvement

KPI Philosophy

KPI Boards
Improvement focused on...

Works from left to right...

... so limited resources can be focused on critical priorities.

Once the KPI is on Green, then the primary focus can change to next KPI to the right.
1. Hit / Miss Daily Status
2. Daily KPI Chart
3. Living Pareto Chart
4. 5 Whys Analysis
5. Action Plan
6. YTD KPI Chart
7. Open Section (Weekly)
Cell level- *let Employees Drive Innovation*

Visual Improvement Idea Management
Problem Solving

• 5 Whys
• Cause & Effect (Fishbone Diagram)
5 Whys

• Moves a team past symptoms
• Asking “Why” five times lets the team delve into a problem deeply
• Goal is to identify the root cause
• Focus on the 5 Whys, not the 5 Who’s
  • Focus on the process!
5 Whys Worksheet

Define the Problem:

Why is it happening?

1. Why is that?

2. Why is that?

3. Why is that?

4. Why is that?

5. Why is that?

Date:______________
Completed by:___________

Caution: Don’t jump to Conclusions

Focus on the Why’s not the Who’s?
Define the Problem: The car won’t start because the battery is dead

Why is it happening?

1. The alternator did not charge it correctly

2. The alternator is not rotating

3. The belt driving the alternator is broken

4. The belt was not changed at the correct maintenance mileage interval.

5. The owner did not follow the recommended maintenance schedule.

Caution: Don’t jump to Conclusions

Focus on the Why’s not the Who’s?
Define the Problem: The Jefferson Memorial surface is deteriorating resulting in high resurfacing cost.

Why is it happening?

1. We are using a more abrasive cleaner than in the past. Why is that?

2. There are more pigeons and pigeon droppings Why is that?

3. They come to eat the spiders Why is that?

4. Because there are a lot of gnats. Why is that?

5. Gnats are active at dusk; lights were programmed to come on at dusk to illuminate the Memorial.

Focus on the Why’s not the Who’s?

Caution: Don’t jump to Conclusions
Solution:

• Delay turning on the lights to one hour after sunset. Program to self adjust throughout the year.

• Gnat population went down 90%. Therefore fewer spiders, fewer pigeons, less pigeon droppings, less cleaning with abrasive cleaners!
MoreSteam Example

5-WHY ANALYSIS SHEET

Failure Mode | Enamel Finish Defects | Department/Area | Porcelain Plant | Equipment | Top Coat Spray

WHY #1:
Orange Peel from holding spray guns at wrong angle.

WHY #2:
New Operators are not fully trained.

WHY #3:
Excess absenteeism is disrupting the training schedule. New operators are placed on the job before they are trained.

WHY #4:
Production demands are given priority over fully training operators.

WHY #5:
The production culture is oriented toward volume. Due to yield problems, using untrained operators actually produces fewer good units even though the line keeps running.

TEMPORARY COUNTERMEASURES
Date 6/48
New polycyclic slow line speed during high absenteeism to allow extra time for less experiencedsprayers.

FINAL COUNTERMEASURE
Name Jack Edd
Date 6/68
Establish sprayer certification program and train pool of backup sprayers - change volume oriented culture - launch absenteeism reduction program, including attendance bonus and tighter employment screening.

VERIFICATION:
No Recurrence in Three Months? Yes Date 6/20
Single-Front Lesson? Yes Date 6/20

DO THE 5 WHys MAKE SENSE WHEN READ BACKWARD?

Note: Continue on separate page if 5-Whys are not enough to determine root cause.
5 Why – Practice Exercise

• Chose one of the following examples and conduct a 5 Why analysis
  • I was late arriving at work (15 minutes late)
  • The packaging machine stopped working
  • Customers are not happy that they are receiving product that does not meet their expectations

• Time: 10 minutes
Cause & Effect (Ishikawa Diagram)

- Represents the relationship between an Effect (problem) and its potential Causes
- Helps ensure that a balanced list of ideas have been generated during brainstorming
- Helps us overcome the “theme” or “group think” effect
- Sorts and relates the factors affecting a process while little quantifiable data is available
- Serves as a discussion guide to assist in determining root causes
Fishbone / Ishikawa Diagram (Cont.)

• Helps determine the real cause of the problem versus a symptom
• Helps refine brainstormed ideas into more detailed causes
• Helps identify a team's level of understanding of the linkage between cause and effect in a process
• Note: Templates available in Minitab (Stats>Quality Tools>Cause and Effect) and elsewhere
Effect: Too many price adjustments at check-out

- Machine
  - Computer screens
  - Too many “jumps”
  - Master customer discount table not up-to-date

- Methods
  - Discovery of different discount rates occurs too late in process
  - Billing process not accurate
  - Incomplete Training on common complaints
  - Marketing metrics counterproductive

- Manpower
  - Not enough staffing during peak times
  - Unfamiliarity with procedures
  - For vacation notification

- Management Policies
  - Notification of absence

- Measures
  - Product Shortages
  - Power Failures

- Material
  - Product Shortages
  - Power Failures

- Mother Nature
  - Power Failures

Example: Fishbone Diagram
Refine Brainstormed Ideas to the Root Cause

Ask "Why?" 5 Times

Computer Storage Costs Too High

1. Why? Users keep too many large files as email attachments
2. Why? Users don’t know that this results in an extra charge to the company
3. Why? Email policy not communicated
4. Why? Official email policy not defined
5. Etc....
Seven Steps to get a LDMS up and Running

1. Understand your process
2. Develop a standard KPI board
3. Develop daily management processes
4. Do Daily stand-up meetings
5. Develop a response plan
6. Monitor Problems
7. Monitor performance
Primary Visual Displays
Primary Visual Displays
Key Takeaways

• Everyone knows if yesterday was a good day!
• Make it a standard process
  • It is about the process-not just the boards
For Sample templates please leave your business card!

Thank you!

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Your Partner in Progress
Steve Ebbing, the president of the ebbinggroup, LLC has been focused on business performance improvement and operational excellence for over 25 years. His background includes engineering, engineering management, and operations management. As a Corporate-wide Operational Excellence leader, Steve developed and implemented a widely accepted Lean Maturity Assessment process, a Goal Deployment/Hoshin Kanri process, initiated a standard Operating System for the company, and led Lean transformations for a number of sites. Throughout his career Steve has been implementing Lean Six Sigma in aerospace, medical device organizations, hospitals, hospital pharmacies and other companies in manufacturing operations and in transactional functions both domestically and internationally.

Steve’s prior experience includes roles as an Adjunct Faculty position at the University of Tennessee as Trainer and Lean Facilitator to the United States Air Force for the Air Force Lean Implementation Program, AFSO21, and as an instructor for San Diego State University Lean Certificate program. Steve has trained, coached, mentored and certified numerous students through Project Sponsor/Champion, Kaizen/Lean Leader, Lean Six Sigma Green Belt, and Lean Six Sigma Black Belt classes. Steve is a 10+ year volunteer for Tech San Diego’s Manufacturing Operations Roundtable program and a member of the Board of Directors for the Western Region of AME (Association for Manufacturing Excellence).

Steve has both a Bachelors of Science degree and a Master of Science degree in engineering from the University of Illinois. He is a Certified Lean Six Sigma Black Belt, and a Certified Lean Six Sigma Master Black Belt.
The ebbinggroup Services

• Facilitation – *custom engagements to meet your needs*
  • Lean Six Sigma transformations
  • Strategy Deployment – Hoshin Kanri
  • Value Stream improvement activities
  • Focused / Targeted improvements
    ▪ 5S, Lean Daily Management, Visual Management, Set-up Reduction, Total Productive Maintenance (TPM), Cell Design, Pull Execution (Kanban) and more
  • Lean Maturity assessments

• Training & Certifications
  • Lean Six Sigma Overview / White Belt
  • Lean Practitioner
  • Lean Six Sigma Green Belt – Blended learning (on-line and instructor led)
  • Lean Six Sigma Black Belt – Blended learning (on-line and instructor led)
  • LSS GB or BB one-day refresher course

• Speaker – *keynotes, workshops, overviews*