

# Lean Focus



## **Strategic Lean for CEOs, Part 2: A Psychological Need for Lean**

By Stan Askren

Being human has universal meaning. Namely, we have an innate desire and objective to be significant, relevant *and* create value. We have a desire and need to bring order to a chaotic world. We have a desire to create value by converting inputs to useful outputs that the public values. This must be done better than the alternatives or we shall die and/or feel empty and unfulfilled. As human beings, we seek relevance and meaningful purpose. To a large extent, our work is our source of our fulfillment.

While this concept is almost childishly easy to understand, it is especially difficult to execute in an extremely dynamic market and world which is ruthlessly efficient, always looking for the next best opportunity.

Certainly, not all CEOs are capable of making the tough choices, and the tradeoffs to choose what to improve, what to stop, what to increase, and/or what to decrease. Perhaps worse, they lack the courage to take risks and make tough strategic decisions. Or, they may have the strategy and the courage but not the framework or tools to make the choices. They fail to get alignment of people, process, and structure to implement the results.

Currently, there is a lot of lean that should be characterized as light lean or tactical lean. However, it is lean that will quickly evaporate or not reach full impact potential in an organization. It looks more like random acts of improvement. Many organizations attempt to apply lean just to operations.

They do not apply lean to the total business enterprise. Therefore, there is a disconnect between the total value stream and it is under appreciated and under delivers its potential. Failed lean is the worst.

It is often cast aside for other opportunities once a new leadership team arrives. Failed lean is a vaccination against successful lean in the future. It is just enough lean to keep it from really catching hold in the future. Do not start lean unless you are fully committed and willing to put the resources, structure, and processes in place to make it successful.

Lean *must* be strategic. Lean must be lead top-down with full engagement by the organization's leader and the senior staff. Lean must be enterprise-wide. Lean must be viewed as an investment. Lean must be initiated with dedicated, focused on the most capable resources. Lean must be long-term with a willingness to accept one step back along with two steps forward.

One of the traps in lean is over-delegation by the organization's leadership. The top leadership believes they can declare the organization should take on lean initiatives but do not get personally involved. The problem with this approach is that lean is a change in management process and style. Also, navigating the decisions involving lean require the top leadership to show courageous leadership.

Secondly, to hold the gains from lean takes top leadership to hold the entire organization accountable. Too often, organizations give up the gains of previous initiatives to attack a new initiative. It is wasted effort and reinforces a fallacy to the organization that lean is just a game or merely a "program of the quarter".

Many organizations are so interested in hitting the goals for improvement they (mis)manage the results so they look good. They take the best results and show them in the report-out sessions. For instance, they put their best operators running the easiest product configurations to gather data to demonstrate improvements.

Instead, they should be using average operators to run a typical mix of products. Not hitting aspirational goals every time should not be a crime, as long as they demonstrate good progress. It is better that an organization miss high targets than hit low targets. The idea—and long-term objective—is to stretch the organization to achieve things they otherwise would not achieve.

Sadly, outside lean consultants are frequently misused. Outside consultants are absolutely necessary, especially in the early years of a lean transformation. Their role should be to teach, push, strategize and hold the organization accountable for lean progress. They must be connected to the senior leadership of an organization to be effective and to maximize the returns.

Organizations frequently rely too heavily on the consultant for daily transactional lean initiatives and they neglect to set lean events up as training events. The lean consultant should have a most capable star shadowing the consultant to learn all they can from the experienced practitioner.

The organization's management should view their job to understand and implement lean in the organization and not wait for the consultant to show up to do it to them. Finally, lean must become organic in the organization or else it will be a failed initiative. Lean learning and experience should be pulled from management, not pushed from consultants.

It is imperative to not make the mistake of focusing just on productivity. It is a Catch-22. If you do not focus on productivity, you will miss big contributions to waste. On the other hand, organizations should quickly rotate to a quality focus to eliminate defects. Sources of defects or major customer dissatisfactions and quality issues are often the largest productivity issues.

Focusing on ergonomics and safety issues is critical. Often, the source of productivity barriers is poor workplace design which creates ergonomic and safety issues. The best lean is market back. Lean initiatives that address customer dissatisfaction and also contribute to improving cost, quality, schedule, and delivery are the best lean initiatives you can take on.

Organizations that implement strategic lean must embrace the discipline and rigors that come with working towards a culture of continuous improvement. Without perseverance and dedication, the endeavor to go lean is pointless. Without constant nurturance, the psychological underpinnings of the need for lean will flounder and die.

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## BACKGROUND

Mr. Askren served as the chairman of HNI from 2004 until December 31, 2018 and as CEO of HNI from 2004 until July 2018. Previously, he was the president from 2003 to April 2018, and executive vice president of HNI from 2001 to 2003. Mr. Askren had worked at HNI for 27 years, including as vice president of marketing, vice president of human resources, and as an executive vice president and president of HNI's hearth business segment. Mr. Askren has also worked in several industries and previously held multiple executive management and general management positions with Emerson Electric, Thomson S.A. and HNI.

Mr. Askren also serves on the board of directors of Allison Transmission Holdings, Inc., a commercial duty automatic transmission and hybrid propulsion systems manufacturer and Armstrong World Industries, a leader in the design and manufacture of innovative commercial and residential ceiling, wall and suspension system solutions. Mr. Askren formerly served on the board of directors of the Iowa Heritage Foundation, the Business and Institutional Furniture Manufacturer's Association (past chair), the Iowa Business Council (past chair) and Arctic Cat Corporation. Mr. Askren brings to our Board extensive operating, senior executive leadership, manufacturing, sales and distribution expertise, lean business expertise, as well as valuable insights from his experience as a public company chief executive officer.

Stan holds a Bachelor of Arts, from the University of Northern Iowa and an MBA from Washington University in St. Louis.

## INDUSTRY EXPERIENCE

Office Furniture, Automotive, Consumer Electronics, Building Products, Electrical Components

## LEAN EXPERIENCE

Building/Installing Problem Solving & Kaizen Cultures, Operational Due Diligence, Acquisition Integration, Strategic Planning & Strategy Deployment, Sales Force Efficiency & Effectiveness Tools, Pricing Margin Analysis, Transactional Kaizen, EBITDA focused operational improvements, Cellular Manufacturing, 6S & Visual Management, Standardized Work, Mistake Proofing (Poka Yoke), Visual Controls, Setup Reduction (SMED), Total Productive Maintenance (TPM), Daily Management