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A LEAN, MEAN GIVING MACHINE

Exploring the role of lean in the voluntary and charitable sectors and how it's helping non-profits through troubled financial times

Organisations and interviews featured in this edition include: Guide Dogs, NCVO, Chest Heart and Stroke Scotland, St. Andrew's University, CCBRT, Luxus Ltd, Commonwealth Bank of Australia, Joseph Ricciardelli, Bill Bellows.

IN THIS ISSUE:

Lean leaders: developing people in the developing world: LMJ interviews Michael Grogan, the continuous improvement coach at one of the first hospitals in Africa to turn to LSS in order to deliver a better standard of care and talks of the troubles in bringing lean to the developing world.

Beyond budgeting: the what and the why: Get to grips with beyond budgeting with Penelope Blackwell, head of fundraising for Chest, Heart and Stroke Scotland. She shows the similarities and divergences between lean and how the two work together for a common goal.

Lean guidance: Steve Vaid, director of mobility services for Guide Dogs explains to LMJ how the organisation got behind lean, the changes it has wrought, and the difficulties involved in surviving as a donation-based charity in a recession.

Clash of clans: Max Cadrew returns with the second article on his series on lean in the professional environment.



Learning to discern: quality and quantity



LMJ board member *Bill Bellows*, presents this month's Lessons from Deming which focuses on variation and how to discern where the quality may lie with this raft of choices on offer.

these instructions, she spotted the limes, alongside the lemons, and reached for one. She picked it up, examined it, placed it back in the display, and selected another. When I asked why she did this, her reply was very direct and far more than I was expecting of a five-year old. Quite simply, she said, "They're not all the same." I was reminded of a statement from Dr. Deming: "Variation there will always be, between people, in output, in service, in product."

On many occasions since this episode, I have asked adults, in a seminar setting, if they sorted through fruit, with the following instructions: imagine walking into the produce section of a supermarket, where all of the fruit is not bruised or otherwise physically damaged. Would you expect to see anyone sorting through the fruit?

While the answers to the question are either yes or no, more important is the reasoning for sorting. To those who answer no, I often ask if they sort between parking spots in a car park, which they would readily admit to doing, generally preferring spots closest to the

“ There is little evidence that we give a hoot about profit ”
W. Edwards Deming

When my daughter was five years old, she joined me for a quick ride to the local supermarket to buy two items for dinner: a bag of hard rolls and a lime. Upon entering the store, I asked her to help me find the lime, to which she asked "What's a lime?", "It's just like a lemon," I replied, "but green, not yellow." With

“Toyota’s JIT system, was extremely successful in saving time in moving products through development at lightning speed”

entrance to the building they will enter. Also, to those who answer no, I have asked, if they are wearing a wedding ring, if they sorted when selecting a spouse. To those who do not admit to sorting through fruit, this inquiry always brings agreement, followed by a smile. To those who answer yes, I ask for an explanation of why they sort through fruit. Most often, they acknowledge the ability to discern differences between the pieces of fruit, from firmness to size and shape, perhaps even colour and ripeness. On occasion, they attribute the sorting process to being driven by habit, without appreciation of their discernment criteria.

Shifting to parking spaces, drivers readily discern differences in location, as well as width, length, and shade cover. Yet, when counting the number of parking spaces available to customers or employees, the counting process ignores this variation. In this quantity-based situation, these differences are not as important as matching the size of the car park with the level of employment or the expected number of customers. Meanwhile, the customers who sort through fruit, as well as the drivers who sort through parking spaces, focus on the use of the fruit and space, respectively. In appreciation of their own discernment criteria, their awareness of the inherent variation can be attributed to a systemic appreciation of how the fruit or space will be used. With acknowledgement of the variation in their choices, their primary interest is quality-based; fitness for use amongst the available options. To paraphrase Deming, quality is about how well someone is served, from a co-worker to a customer.

While counting, from limes and parking spots to the number of employees or customers, is quantity-based, the differences between the entities being counted is quality-based, with a focus on use. For an aircraft manufacturer, if the parts of an airplane remained in boxes and were never assembled, then the variation in each part, as in the variation in limes and parking spots, would be very hard to discern. Variation appears in how well the parts are eventually integrated into a system and, how well the system

performs, day after day. Once again, quality is about use. But questions about the distance to the nearest airport are quantity-based, as the answer, whether in kilometres or miles, 10 or 100, ignores the differences between each unit of distance. In short, quantity is about counting. Students are students, doctors are doctors, customers are customers, and suppliers are suppliers. Deming explained quality with an appreciation of variation and, ultimately, use.

Beginning in the early 1950s, Shoichiro Toyoda, son of Kiichiro Toyoda, the founder of Toyota Motor Corporation, was inspired to discern the difference between quantity and quality, between counting parts and using parts. Yukiyasu Togo, co-author of *Against All Odds: The Story of the Toyota Motor Corporation and the Family That Created It*, provided an explanation of Shoichiro Toyoda’s desire to implement a quality-based system, in parallel with the quantity-based just-in-time (JIT) system. According to Togo, Toyota’s JIT system, was extremely successful in saving time in moving products through development at lightning speed, yet only to face disgruntled customers in the marketplace, with long lines of products in need of immediate repair. To Shoichiro Toyoda’s chagrin, the best Toyota’s quantity-based production system could offer was immediate trouble-shooting.

Guided by strong impressions of Deming during his lectures across Japan in 1950, Shoichiro Toyoda initiated Toyota’s total quality control (TQC) efforts, with a commitment for Toyota to eventually win the Deming Prize. As reported by Togo, Ohno eventually became a convert, when he saw TQC as fully compatible with JIT.

Nonetheless, TQC efforts were openly resisted by the JIT community.

Forty years later, in 2005, Shoichiro Toyoda was honored with the Deming Medal from the American Society for Quality.

In a remarkable demonstration of learning to discern, Toyota remains a leader for its ability to finely integrate quantity control and quality control, and not mistake inquiries of how many, with systemic explorations of how well.