

'MIND SHIFTER'* FOR LEAN PRODUCTION, OPERATIONAL EXCELLENCE AND MORE



**What's LEAN Got To Do With It:
Lean Management / Lean Leadership –
A Cursory Perspective on Global Research
and the Practice in Japan**

**Roman Ditzer
2023**

** This term denotes texts which stimulate brain functions and other activities.*

Lean Management / Lean Leadership – A cursory perspective on Global Research and the Practice in Japan

Roman Ditzer (2023)

Leadership vs. Management

There are some memorable quotes on the distinction between leadership and management. For example:

*"Management is doing things right; leadership is doing the right things."*¹

While this wording is catchy, it doesn't really help us to differentiate between the two. In the context of lean, for example, the following comparison would seem to be more useful:

*"Leadership focuses on people. Management focuses on processes."*²

But it is better to dispense entirely with the idea of separating the two terms. Fredmund Malik provides this definition:

*"Management is the business of achieving or producing results."*³

He describes successful management as 'effective leadership'. For him, there is no separation of management and leadership. In fact, managers also serve as leaders in many instances.⁴ No matter how one delineates management and leadership in academic terms, the people running the business must master both in order to achieve results. That is also the view of van Dun et al. in the context of lean implementation:

*"[...] 'lean leaders' [...], i.e. managers at different hierarchical levels that effectively lead lean initiatives in their unit."*⁵

What characterizes an effective leadership or management style from this perspective?

Research provides some clues:

*"[...] lean leadership should not be considered as a new style but rather an application of generic leadership styles in a lean work context."*⁶

The **transformational leadership style** is particularly noteworthy:

*"[...] transformational leaders tend to display mainly relations-oriented behaviours (e.g. showing individual consideration and listening) and change-oriented behaviours (e.g. encouraging innovation and facilitating learning)."*⁷

The following section divides the tasks of a manager-leader in a lean organization into four areas with a brief description of each. Quotations from the literature and from practitioners in Japan are used to illustrate the approach and understanding in Japan.

Regardless of the individual leadership style, there are certain factors in successful lean organizations that make the work of individuals easier or even possible at all.

Holistic Understanding of Lean

'Lean' goes far beyond the principles of process design and the tools to implement them. Ultimately, it is about **continuously improving** as a company with

¹ This quote is attributed to **PETER DRUCKER**. However, the Drucker Institute claims this to be false. The correct quote is: "Efficiency is concerned with doing things right. Effectiveness is doing the right things." druckerinstitute.com/did-peter-drucker-say-that/ (2023)

² Quote from the webinar 'Leading with decency' (Führen mit Anstand) by **MANFRED SCHOLZ** on 2021/3/21

³ **MALIK (2001)**, p 73

⁴ Similarly, Henry Mintzberg, one of the leading researchers on management: "[...] instead of distinguishing managers from leaders, we should be seeing managers as leaders, and leadership as management practiced well." **MINTZBERG (2009)**, p

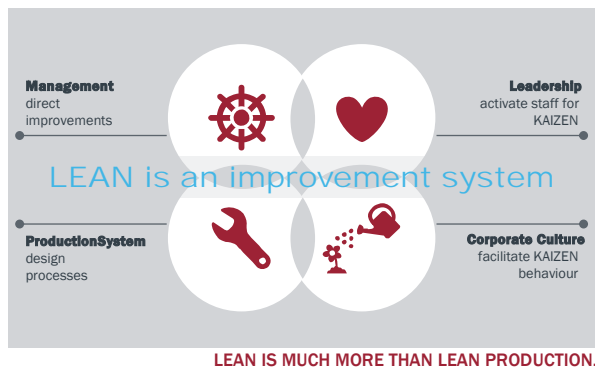
⁵ **VAN DUN ET. AL. (2023)**, p 2

⁶ *Ibid.* with reference to **SEIDEL ET AL. (2019)**

⁷ *Ibid.*

the aim of increasing competitiveness and securing its ongoing future. Lean in a holistic sense entails a corresponding **management system** to drive the transformation.

In terms of the underlying concept, we can describe it as a management **philosophy** coupled with a **specific corporate culture**.



Management Philosophy

Continuous improvement is at the heart of every lean system. The company is not geared towards values that are deemed 'good enough', such as industry benchmarks. Rather, the goal is to strive for perfection in a cycle of ongoing improvement.

Here the following applies: The task of continuous improvement cannot be delegated; it is a central aspect of managers' work at all levels of the hierarchy.

"At Toyota, improving and management are one and the same thing."⁸

The following quote from a 'lean leader' in a Japanese company illustrates the importance of continuous improvement in the minds of managers:

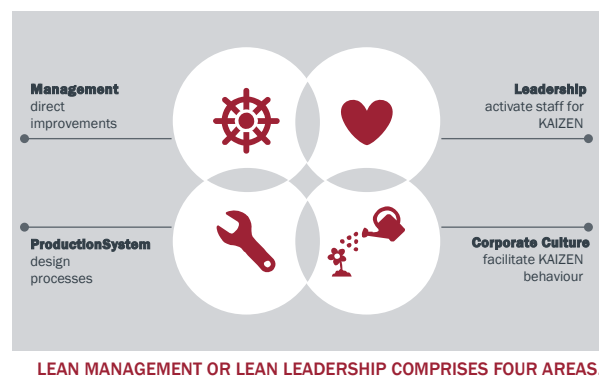
"Kaizen makes up 50 to 70 % of my work."⁹

Corporate Culture

There is another prerequisite for successful lean implementation: an improvement culture in the sense of the behaviours that promote improvement. This is an insight gained in recent years and is the subject of publications with titles such as 'Creating a Lean Culture' (David Mann 2010) or 'The Kata of the World Market Leader' (Mike Rother 2009). Generally speaking, an improvement culture should consist of **values**, **rules** and **behaviour** that promote the improvement process in the company. It is quite obvious that the behaviour of those involved has a major influence on whether, to what extent and how quickly improvements can be made. This behaviour is part of the corporate culture. Leaders who embody and promote this behaviour are therefore crucial.

Leadership Tasks

Leaders in lean companies are responsible for creating the impetus for optimisation, steering the improvement process, communicating methods, providing guidance, and exemplifying the appropriate behaviours. They therefore have a wide-ranging and demanding number of tasks. Such holistic understanding of lean management or lean leadership requires competence in four areas¹⁰:



⁸ ROTHER (2009), p 53

⁹ If no source is given, the quotations are from 'lean leaders' in Japanese companies, as noted by the author during company visits.

¹⁰ Note: Management and leadership are not generally differentiated here, but only in relation to lean implementation and continuous improvement. In this

narrow sense, management refers to steering the improvement process. Leadership in the narrower sense refers to activating employees for LEAN and for improvement. Lean management or lean leadership encompasses all four areas.

When it comes to corporate reform, Teruo Yabe, former board member at Tessei¹¹, offers managers a humble reminder:

"I can't achieve anything on my own."¹²

The task is therefore not only to engage employees, but to convince them to participate and be actively involved:

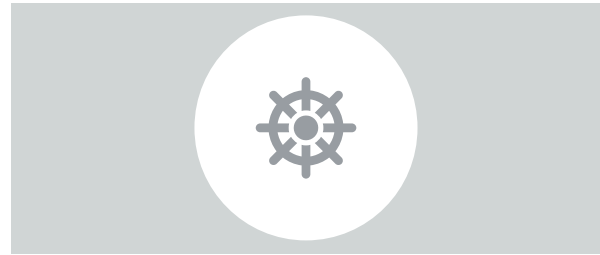
"So it is about stimulating the desire in the employees to use these [improvement] tools. I have come to the conclusion that the most important task of a plant manager is to strive for the right attitude and motivation in the people who work with these tools."¹³

Design Processes.



In order to implement Lean, you need to have a clear idea of the **target state** that is to be achieved. What should the process / manufacturing area / office look like after it has been transformed in accordance with lean principles? What are the steps in between to carry out the lean reform? Leaders should be equipped with both lean skills and improvement experience in order to develop the appropriate **vision** and **strategy**. Furthermore, managers are responsible for **monitoring operations** and compliance with standardised processes – and to take countermeasures should there be a deviation from the target.

Direct Improvements.



Managers need the right tools to manage change. These range from the correct **key performance indicators** (KPIs) to a **target system** that breaks down the global goals to the employee level (*hoshin kanri* or policy deployment), as well as the proper **communication of rules** (shopfloor management) and finally the **planning of improvement activities** – all with the aim of further advancing the improvement activities. The PDCA cycle is used for micro-managing individual improvements.

However, Teruo Yabe warns against top-down 'management by numbers', instead recommending a management style *"that brings out the creativity, flexibility and motivation in people"*¹⁴. Furthermore:

"Don't worry about the numbers; the key figures will come all by themselves!"¹⁵

In other words, do not carry out improvement activities merely to impact the key figures. If you can get people involved in the activities, the effect will automatically be reflected in the KPIs down the line. This does not mean that KPIs are not important – on the contrary, they should be carefully maintained and observed.

However, the following also applies:

"The task of management is to create an environment where improvement can happen."

This includes **bottom-up approaches** such as quality circles. In lean companies in Japan, employees are

¹¹ TESSEI – a subsidiary of the East Japan Railway Company (JR-EAST) – is responsible for cleaning the Shinkansen carriages at the Tokyo Railway Station terminus within a few minutes before the trains set off again. During his time at TESSEI, the author reformed the company and initiated a revolution in the corporate culture. Along the way, the company succeeded in improving and consistently standardising its work processes. There is a Harvard Business School case study on this entitled 'Trouble at Tessei'. BERNSTEIN / BUELL (2015)

¹² YABE (2021)

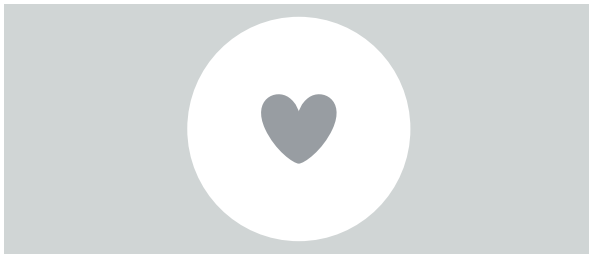
¹³ MATSUO (2009)

¹⁴ Ibid. in YABE (2021)

¹⁵ A translation of TERUO YABE's statement in his lecture 'Pride in One's Work' (2021). On the slide it says: "Shifting from management controlling only results (figures) to management nurturing motivation, creativity, and flexibility of their 'people'! Figures will later follow!"

encouraged to carry out autonomous improvement activities. They are involved in the development of standard operating procedures. This may come as a surprise, since Japanese companies are known for their rigid hierarchies. Lean companies in Japan, however, do allow their employees the freedom to make improvements ('empowerment').¹⁶

Activate Employees for KAIZEN.



In this context, activating employees means **motivating** employees to engage in **improvement activities**. The following is a quotation from practical lean leadership work:

"The motivation for kaizen and sustainability can be achieved by taking care of the things that are bothering the employees."

This is where the idea of '**servant leadership**' resonates.¹⁷ This also builds trust in the leader.

Communication is the key to engaging employees in the improvement process. Those who communicate well not only have employees, but they gain followers who will cooperate towards a common goal. Masaaki Matsuo, former plant manager for a Bosch plant in Japan, has already been quoted. From 2001 to 2011, the plant successfully introduced the BPS (Bosch Production System) and made a profound transformation into a lean organisation. When looking back, Matsuo ranked communication and 'respect for humans'¹⁸ as the **key factors** for the

success of the reform. He drew up eight recommendations for successful leadership during transformation. Two of the eight deal with communication:

*"4) **Interactive communication** between leader and employees is essential for improved motivation of employees.*

*5) Therefore the leader has to make **communication** with employees at every possible opportunity."*¹⁹

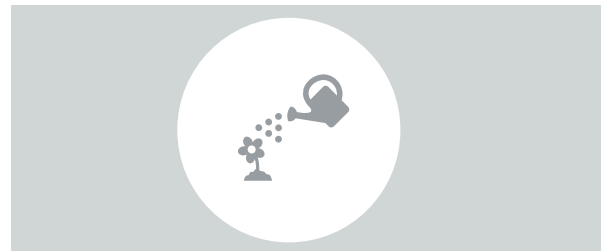
In addition, managers in lean companies serve as **teachers and coaches**²⁰, who instruct employees in problem-solving techniques and guide them in their use. The goal is to **equip** employees for improvement and the following applies here:

*"Managers should coach, not fix."*²¹

Henry Mintzberg put it in a similar way:

*"[...] the manager has to help to bring out the best in other people, so that **they** can know better, decide better, and act better."*²²

Facilitate KAIZEN Behaviours.



Corporate culture builds from the top down; employees orient themselves to the behaviours exemplified by their superiors. An improvement culture is consequently the result of the **self-image and behaviour of managers**, i.e. what managers convey as the norm through their own behaviour.

¹⁶ See here: DITZER (2020)

¹⁷ CONVIS ET AL. (2012), p 113f.

¹⁸ MASAOKI MATSUO makes use here of a key term from 'Toyota Way 2001', Toyota's own description of its corporate culture: 人間性尊重 (Ningensei sonchō). In English, an appropriate translation for this is 'respect for human nature'. The term denotes one of the two areas into which the company divided its Toyota Way at the time. The following explanation was written in the showrooms of the 'Toyota Pavilion' (Toyota Kaikan at the company's

headquarters) in 2013: "Respect for people is the attitude that most highly regards peoples' ability to think."

¹⁹ MASAOKI MATSUO (2019) in his presentation: モノづくりはヒトづくり given in Japan on 27 March 2019. Quotes from the slides '8 Key-messages of today's lecture', emphasis by the author

²⁰ "Leaders are teachers and coaches." LIKER ET AL. (2008), p 337

²¹ SPEAR (2004)

²² MINTZBERG (2009), p 12

Leaders in Japanese lean companies demonstrate the high importance they attach to improvement and change through their **presence at the genba**²³, as well as interest shown and involvement in improvement activities. They hereby make an important contribution to the success of reform processes:

*"The crucial question is to what extent [a section] can be induced to change its perception and take on new challenges. The key requirement for this is certainly the personal presence of top management [...]."*²⁴

In Japan, this author has often been told that top managers spend **50% of their time** at the *genba*.²⁵ What do they do there? Here is a portrayal of the daily work of Akio Toyoda, Toyota CEO from 2009 to March 2023, who announced upon taking office that he wanted to be the *"most genba-oriented president"*:

*"Does Akio Toyoda just sit in his CEO office and spend his time approving documents? No. Most of the time, he is visiting various frontlines or genba [...] so that he can see what it is usually like there at each genba. He suddenly shows up and enjoys talking to the people who work there."*²⁶

Traditional theories of change assume that people's attitudes can be changed through the transfer of knowledge and training. In reality, however, successful lean projects reveal a different chain of effects:

*"[...] the way to change culture is not to first change how people think, but instead by starting how people behave – what they do."*²⁷

In the context of lean implementation, situations occur where new behaviours prove to be effective. First, the organisation makes a move; then, in the

course of the improvement dynamic, the values, norms, rules and behaviours change. This requires **leaders** who are aware of their function as **'shapers of a culture'** and whose behaviour promotes, supports and exemplifies improvement.

How can you spot a culture of improvement? Here is a statement from another former top manager at Toyota:

*"When I enter a factory for the first time, I look into the eyes of the employees ... to see whether or not they are shining."*²⁸

Motivation is reflected in the sparkle of the eyes. He believes it is a good indicator of the ability of the shopfloor and workplace to change: Improvements are easier to achieve when employee motivation is high. However, he notes:

"It takes a lot of effort and time to build up such an organisation and company culture."

Success Factors in Lean Implementation

A 2006 study by Achanga et al.²⁹ identified **leadership skills** as the **key success factor** for implementing Lean. Experience has shown that a manager with clear goals, a strong will to implement and a sound understanding of Lean has the greatest impact on successful change.

It is noteworthy how keenly practitioners in Japanese lean organisations emphasise the **importance of 'soft' tools** such as communication, *genba* presence, attitude, building trust, teaching behaviours, and so on. The 'softer' the factor, the more important the role seems to be for leaders across all levels of the hierarchy:

²³ 現場 (*genba*): Jap. for place of action, the place where something takes place. In the context of *kaizen*, mostly used in the sense of the shopfloor.

²⁴ Interview with Canon CEO **FUJIO MITARAI** in *NIKKEI BUSINESS* (2004), p 34 (translation by the author)

²⁵ For example, in the author's interview with **SATOSHI NAKAO**, General Manager in the Department for the Development of Production Method (工法開発部) at Sumitomo Wiring, on 8/6/2019, who cited 50% as the value for his *genba* presence during his time as plant manager in Mexico.

²⁶ *TOYOTATIMES* (2021)

²⁷ **SHOOK** (2010), p 66. In other words, also in the section 'Findings': "It's easier to act your way to a new way of thinking than to think your way to a new way of acting."; p 63

²⁸ From an interview with **YASUHIKO TERASHIMA**, former General Manager at Toyota Hokkaido, in 2015.

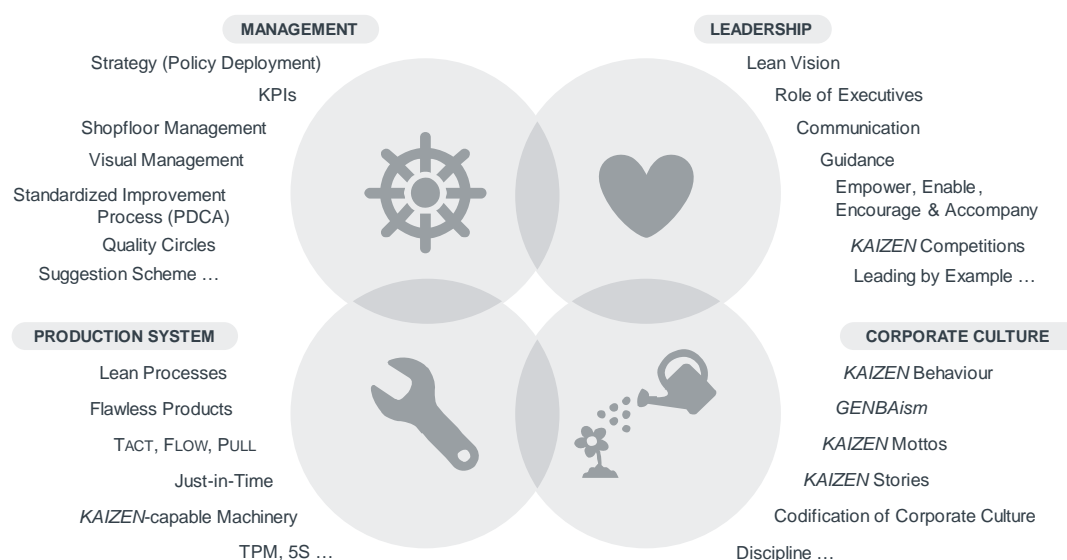
²⁹ **ACHANGA ET AL.** (2006)

*"[...] what is pivotal is the credible, rigorous and consistent implementation [of the corporate culture] in the daily work process."*³⁰

One thing can be said: Given the holistic understanding of Lean as an improvement system, managers in lean companies must master a wide range of tools

that extend beyond the traditional boundaries of management and leadership.

Henry Mintzberg characterised management as a three-way practice of **art, craft and science**.³¹ In doing so, he aptly described the **wide variety of workplace demands** placed on manager-leaders in lean organisations.



LEADERS IN LEAN COMPANIES HAVE A DEMANDING JOB AND TASKS IN FOUR AREAS.

³⁰ This was Sonja Sackmann's view of the Toyota Way. **SACKMANN (2005)**, p 37

³¹ **MINTZBERG (2009)**, p 11

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