



# Top 15 Articles

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Continuous Improvement







# 1 What is Hoshin Kanri and why is it going to become so fashionable?

Hoshin Kanri is a work method or system based on ensuring the whole company's cooperation, to achieve the objectives of the long-term strategic and short-term management plan.

Hoshin can be translated from Japanese as compass and Kanri as administration or control.

Mainly, Hoshin Kanri pursues the organization being oriented in only one direction – achievement of objectives, with members taking the initiative.

The father of Hoshin Kanri is Professor Yoji Akao, who, in the late 1950s, introduced the quality function deployment (QFD) system within the total quality control (TQC) system.

It was very successful in Japanese companies, with perhaps, the largest exponent being Toyota and, a few years later, the Western automobile industry. Although, it was conceived specifically for quality functions, in response to customer demands and reducing the design cycle, today it has been extended to direction levels and is a method of strategic planning based on Deming's PDCA (Plan-Do-Check-Act).

## The five fundamentals of Hoshin Kanri

1. Every company has tasks that combine two elements – routine and innovation. That is, there are routine and repetitive but necessary tasks, and there are disruptive, innovative ones, changing the course of action. Both have a common element – they are based on teamwork. Hoshin Kanri integrates all tasks, routines or improvements, based on the company's key objectives.
2. Hoshin Kanri spans two dimensions – strategic direction and operational management. It is a method of strategic

and tactical planning. In short, it allows the alignment of the company's overall objectives, plans and long-term strategic and day-to-day processes.

3. It establishes a system for formulating objectives, plans and goals that cascades down the entire organization and is based on continuous improvement. Complementary to these elements, it also establishes indicators to assess the achievement of objectives and effectiveness of plans. Consequently, it allows the clear assignment of responsibilities related to goals and processes, as a means of involving people.
4. It relies on periodic reviews to ensure progress – weekly, monthly and annual.
5. It focuses on a few goals critical to success. Resources are limited and not everything can be done (it discards the desirability or pathological optimism that occurs in many companies). It is a model developed in seven steps:
  1. Identification of business keys
  2. Sets quantified business objectives
  3. Defines the global vision and goals
  4. Develops strategies to achieve goals
  5. Determines action plans (tactics and objectives) for every strategy
  6. Establishes indicators that measure the performance of each process
  7. Review the entire process

Steps four to seven are cascaded down the organization, through all departments.

Five advantages of Hoshin Kanri, in case you are not convinced of the benefits:

1. Alignment and motivation: it becomes one of the organization's main communication tools and, therefore, allows the involvement of all workers towards achieving the objectives
2. Focus: it focuses on a few critical goals for success. Resources are limited and you cannot get everything done on time. So, it says, "whoever takes a lot of space, the less he tightens up"
3. Focus on improvement and objectives: it revives the value of strategic thinking and role of all people. Resources are limited, but people's development...no... therefore, supported by people, it is faithful to the Kaizen philosophy when you claim that the improvement is infinite
4. Decentralization: strategies and plans are deployed throughout the organization, allowing delegation and assumption of responsibilities for all members
5. Learning: it is important to correctly define the objectives and strategies, that lead to success, such as process measurement. Hoshin Kanri puts special emphasis on measuring and documenting processes, allowing the generation of "know-how" to repeat success

As a practical conclusion, it is a way to effectively resolve a company's root problems, in a fast and controlled way.

## Why is it going to become fashionable?

In different forums, schools and American business talk, we are starting to hear about Hoshin Kanri and questions, such as, is it a new fashion? Are the classics back? We think, this time, it goes much further – it is a paradigm shift in business management.

In the last 70 years, we have witnessed a profound change in management models, from management by control to management by objectives. That is, from order and command to planning and strategy. The problem is that the strategy, in many companies (many of them large and well known) is a great and magnificent document that stays in the General Management drawer and does not move on-site.

We are convinced that a change of paradigm in management models is needed, in view of the shortcomings of management by objectives and the crisis into which we have been plunged. Current models are based on uncontrolled growth. The next challenge is global Lean management, which considers the processes, self-learning and which values people.

Without a doubt, for what we provisionally call "management", global Lean will exceed the direction by objectives, because, in addition to saying, THE ONE who uses all the learning of the Lean to explain THE HOW, objectives matter, as does the processes to achieve them. Objectives and strategies are shared throughout the organization, through matrices of correlation. Cooperation is encouraged and know-how is harnessed and acquired in the processes.

The great challenge we face is how to apply it in Western companies. In Japan, the vision of quality and personal development is part of their DNA. Worker involvement in the company goes to the point of considering it as a family and a proud feeling of belonging. In the West, it moves in other patterns.

Hoshin Kanri is a series of systems, forms and rules, which becomes a method, so every company can make it theirs. It is a method that is based on people as the basis of all process improvement, because how things are done is just as important as what is done.





## 2 What are Lean and VSM?

### What is Lean?

Lean is a management model focused on continuous improvement. With the necessary resources, it can deliver maximum value for customers.

### What is Lean's mission?

Lean's mission is to change the way an organization identifies, analyzes and eliminates waste, and maintains continuous improvement, by providing the necessary tools, knowledge, and techniques.

To do this, the main objectives of Lean experts are to:

- Help the organization establish a work environment where continuous improvement becomes a daily habit
- Train and support the organization in its constant search to identify and eliminate waste
- Identify best practices and ensure implementation as standard throughout the organization, to take advantage of its effects
- Support the organization to develop leadership to keep the changes going

Continuous improvement focuses on reducing several types of waste:

- Overproduction
- Waiting time
- Transportation
- Overprocessing
- Inventory
- Movements
- Defects and underutilized human potential

Lean tools include continuous analysis processes and methodologies: Kaizen events, value stream mapping (VSM), pull production (Kanban). It is a system of governance that analyzes root causes, from equipment through to visual management.

### What is a VSM?

The value chain flow map analyzes material flows and the information given to the customer about a product or service. It also analyzes the current state of the product or service, to design a better future state.

This tool was developed at Toyota, where it was known as the material and information flow map.

To develop a VSM, there can be several stages:

- Identification of the product or service and definition, in the best way possible, of the scope of the process to be analyzed
- Drawing the value stream map, showing each stage, timescales and information required to deliver the product or service. There are standardized symbols that represent the different value chain elements. At this stage, it must be clarified that any process has these three versions – how you think it is, how it is in reality and how it should be. Most attention should be paid to analyzing how it is in reality
- Identification on the map of the waste found (that which does not add customer value). This includes overproduction, waiting time, unnecessary transport, overprocessing, inventory, unnecessary movements and defects
- Draw the future state map, i.e. the map as it is once the waste is eliminated
- Implement a plan of improvement actions (Kaizen events) to get to the future state map

In conclusion, maximize customer value while minimizing waste.

We could summarize this as one of the main objectives of Lean experts in creating an environment of continuous improvement, bringing about measurable and sustainable changes, while focusing on adding value and eliminating waste to improve customer satisfaction, and profit.

Lean helps to implement a continuous improvement philosophy that allows companies to reduce costs, improve processes and eliminate waste to increase customer satisfaction and maintain margin of benefits.



# 3 CrossFit and continuous improvement

Someone special told me about a sports discipline called CrossFit. It was the first time I heard that name and learned that it was training composed of functional exercises, executed at high intensity, in which there was a program of strength and general fitness to improve or keep the body in good condition. So far so good. It may seem similar to other sports disciplines that many of us know, but I was struck by the fact that he stressed that CrossFit is distinguished by its terms and for being an observable, measurable and repeatable program, based on data.

Soon, motivated to improve my physical condition and curious to understand the aspects that most caught my attention, I decided to try it and was surprised by the similarities between this sports discipline and the companies that base their management on continuous improvement systems. Both share key elements, such as the definition of objectives, plans, scalability, team effort, and achievement of results.

Once the similarities are discovered, let us see how they can help us to improve or maintain a company in good condition:

## 1. Definition of objectives

As in any sports discipline, it is important to set achievable, quantifiable, and measurable objectives in time. In CrossFit, as in other disciplines, we begin by identifying what we are capable of and setting ourselves realistic short-term goals, according to our conditions. Goals that are achievable with effort and work.

*In the business world as in sport, fixed objectives are necessary to know where and how we are, and what it is that we intend to achieve.*

## 2. Define a good plan

Once the objectives have been defined, it is a matter of defining a good plan: a strategy with a clear path to achieve satisfactory success in our objectives.

In CrossFit, there is a very common concept called scalability – because not all individuals have the same physical conditions. So, I propose a personalized plan.

Each company is different and must be analyzed in detail to define its own plan: an adapted and scalable plan that will take it from the starting point to excellence, thus achieving the objectives set.

## 3. Progress tracking

How do we know if we are doing things right? Let us get on the right track by looking at the data and tracking our progress.

In CrossFit, clear and precise objectives are marked. For example, I want to get to ten pull-ups within two months or I want to run five kilometers in 25 minutes. To do this, we design a plan with a series of defined milestones with measurable actions and, thanks to the data taken throughout each, we can measure our progress.

*Something similar could be reproduced in a company if we define some **correct key performance indicators (KPIs)**. We can visualize them in a dashboard and evaluate their progression through a good communication system, where we define the actions and responsibilities that lead us to achieve the objectives set.*

## 4. Team spirit

In the world of CrossFit, everyone talks about the “community”; you have to live it to really feel the team spirit that is observed in the environment. It is something that, on a personal level, I had never had a chance to experience. Advanced athletes help you progress more quickly and new members of the community contribute their knowledge and experience – because you meet people who come from other disciplines.

In sport, as in the company, in many cases, the results are not achieved by one person, but one team. We must trust and support each member of our team and try to channel the energy towards achieving a goal.

Multidisciplinary teams give us different visions to achieve our achievements, while each one brings the best of himself in his area.

*If there is a rule that should be sacred when it comes to proposing an improvement strategy, it should be that the company's ongoing objective is to convince all levels to participate, from the general manager to the operator or the intern.*

## 5. Discipline, Education and training

How many times have we heard the phrase, “you are not born knowing”? Because in CrossFit, they take this very seriously and, for a newbie, it is something very encouraging. Now, in return, you have to contribute your knowledge and experience, demonstrate discipline and be consistent with the need to comply with the training plan that will help you achieve your goals.

*In a company, as in CrossFit, discipline must be one of the fundamental pillars for every individual. If we add this, the **formation of continuous success** is guaranteed.*

My conclusion is that there is a great parallel between the values/fundamentals of CrossFit and companies that implement continuous improvement as their management system. It is key to consider whether or not we are willing to face new challenges and strive to improve and achieve them.

Are you willing to get your company in shape?





## 4 The Lean Management System (SGL): From Strategy to Excellence

We have talked about what a good consultant should be like. And, today, it is time to talk about what good training should look like. We start from the basis that training is necessary and also motivates. But it is essential to know what form it will take and why it will work. In the case of product improvement, today and always, training in Lean is fundamental. We have already seen, throughout many articles, that continuous improvement is a form of work that ensures the health and sustainability of a company and, therefore, its success.

Lean is of little value if the people of the organization are not involved, and training is one of the key factors that make this happen.

What makes us decide on one method of training or another? Once the need has been detected; we should think about priorities.

Training is coupled with the training need and these factors need to be considered:

- Course content and methodology
- Availability
- The price/duration
- Word of mouth
- CVs of trainers

The main problem facing companies today is the lack of an organization aligned and focused on action. The Lean Management System (SGL) is the method for guiding the company which focuses it on achieving the strategic business objectives.

The success of the system is sustained by the deployment of the indicators and action plans at each level of the hierarchy,

from the Directorate-General to every one of the workers.

The improvement of the indicators is guaranteed for three reasons, essentially:

1. The hierarchy is clear and focused on the contribution of the value of each function
2. The robust and sustainable human organization, with control and frequent review
3. Improvement workshops and prioritization of resources, according to the management guidelines

The structure of the SGL must involve all workers of the company, from general management down, through the application of the Lean method of continuous improvement.

The starting point should always be a vision and mission clear to the business. Once the main lines have been established, we should ask how they can be deployed through the organization.

HOSHIN KANRI is a method based on the cooperation of the entire company in achieving the strategic objectives of the long- and short-term management plan. Through implementing Hoshin Kanri, deployment objectives are formulated, cascading down plans and goals for the entire organization. The system allows you to monitor the achievement of objectives and effectiveness of plans, creating a culture of continuous improvement in the strategic planning processes. Hoshin Kanri encompasses two dimensions: strategic direction and operational management. The system of periodic reviews assures us of the progress of implementation, even at a very low level (daily or weekly), since the continuous improvement system guarantees the review and improvement of processes as part of the day-to-day work routine.

Another important point within the Lean Management System is the adaptation of the organizational charts and, ultimately, the hierarchy of the company, with a focus on functions that have had their value contribution clearly defined within the strategy. It is very important that the hierarchy, in the past conceived as authentic "Taifa Kingdoms", is clear and agile to ensure that actions focused on improvement flow very fast within the organization.

At this point, we have an organization and hierarchy, on paper, focused on action and the deployment of strategic lines in specific objectives of each department or function. But how can we guarantee that the plans are carried out within the set deadlines?

The answer is the implementation of the Lean methodology of continuous improvement in all areas of the company. Each person in the organization belongs to a GAP (group autonomous of people) and knows their function within the group and its objectives. There is a visual management of indicators and a communication system based on daily meetings, in which the results are analyzed from the previous day. Action plans are executed to reach the objectives we have set ourselves and, most importantly, we get everyone involved.

There are three types of Lean methodologies, depending on the type of processes that we carry out:

- Lean manufacturing: the goal is excellence in operations. The scope is the area of operations, mainly production, logistics, warehouses, maintenance, and plant quality. All the tools for the improvement of processes are in this area

- Lean office: Guarantees excellence in processes, administrative, financial, commercial, purchasing, quality and engineering. In short, all processes exist in an office environment
- Lean projects: Excellence in project management. This is a very important aspect, since companies develop projects to create new products or services, facilities, developments or implementations of informatics or systems of quality and improvement projects. We cannot let individual departments inhibit the rapid evolution of the projects that are the future of organizations

Finally, the processes are in the hands of the people. How can we think of business excellence without plans that ensure people and team development? This situation has made us forget, in many cases, that the people are the ones who differentiate organizations from others. Strategies and processes can be copied, but individuals in an organization cannot.

The Lean people methodology of continuous improvement of personal development and leadership ensures that we have the best people in every job. The approach must be to involve, align and train in the technical skills necessary for each position and, more importantly, teach the skills inherent to the position held (leadership, communication, negotiation, personal productivity, stress management, conflict management, coaching, etc.)

Everything starts and ends in people, because it is the people in our organizations who, with their involvement, contributions, and spirit of continuous improvement, make it possible to optimize the processes – and with them, an improvement in productivity and business results.





## 5 The main indicator of all continuous improvement

Before starting, one of the star tools of the improvement, HOSHIN or IMPROVEMENT WORKSHOP, which sounds better, we must choose and train the team leader: the pilot.

An improvement workshop is a work team led by a pilot, who must lead the group. Before you start, the work of the team, the driver must answer four questions:

*In what area?  
What do I want to improve and aim for?  
What is the starting point?  
And what equipment do I need for all this?*

After this analysis, our lucky pilot, prior to the first days of the team, must work on observing waste and the different possible solutions, as a basis for guiding the team, to avoid over-the-top ideas. All of us who have been pilots have failed at this point of the workshop and I would like to reflect on this.

We always focus on improving quality indicators, costs (productivity, OEE, etc.) and deliveries. We focus on the “wonderful” solutions we have thought of with which, in a single step, everything will be solved – and we forget something very important about the process – we are not the ones who, in the end, have to carry them out in our day-to-day.

It is the GAP, the group of operators who spend eight hours of the day working on the line or machine of the workshop.

*Always, “we will advance more in ten steps of theirs than in only one of ours.”*

Those ten steps become their solution. You do not have to convince them, as they are motivated. In addition, we will already have taken them down the path of continuous improvement – by eliminating waste, step by step, and creating sustainability through their own ideas, without the need for external elements.

*Or, in other words, the success of an improvement workshop does not only lie in how valuable they are, the ideas that are contributed, but also in their level of acceptance. SUCCESS = VALUE OF THE IDEA x ACCEPTANCE OF THE TEAM.*

Because, in companies, the biggest waste is not to use the people’s talent. Improvement workshops focus only on costs and forget about the main indicator – people.

At SGS, we are people, processes, and productivity.

## 6 The 4 Ps of Toyota’s success

Elibro, the Toyota Way, translates into English as ‘the keys to Toyota’s success’. Author **Jeffrey K. Liker** explains the 14 management principles that apply to a successful company, with numerous real examples. The first part of the book discusses the fundamental 4Ps of the successful model of management that we share below.

**Philosophy** – the philosophy of long-term thinking. Sometimes this can come at the expense of financial objectives. In the short term, management decisions have to be focused on long-term thinking. This implies a need to invest to generate customer value, the economic system and, ultimately, benefit society. To do this, each function and process of a company needs to be evaluated in terms of its ability to achieve it. The starting point lies in investing in training and developing people to optimize your long-term performance, but how? Through repeated Kaizen, constant improvements. MCCT continuous improvement up to total quality.

*“The drop of water pierces the rock, not by its strength but by its constancy.”*

**Process** – the waste elimination process. The process to correct will produce the desired results. It is necessary to create a process flow diagram to see the redundancy in the steps that are taken in each task, or the possible problems of a process. Systems associated with this tool are the just-in-time delivery, the Kanban. The problems that arise when we start the methodology to eliminate everything that does not contribute value are solved one by one.

*“Time is both the most valuable and the most perishable of our resources.”*

**People** – a good leader enhances their skills and becomes a continuous improvement expert, training and empowering their team of people through their development in the workplace. Challenges are necessary to take people out of their comfort zones and to facilitate their growth, both professionally and personally, as the key to every process is people. The greatest and most valuable asset of a company is all the people who interact in it to create value, whether they are partners, collaborators, suppliers, distributors, etc. Therefore, they are to be seen as an extension of the enterprise, as the branches are an extension of the trunk of a tree.

*“They did it because they didn’t know it was impossible.”*

**Problem** – problem-solving is an attitude shared across the enterprise, as well as the alignment of values and objectives. To become an organization with the best **Kaizen Spirit**, you need the necessary values, such as commitment, creativity, resilience, flexibility, attitude positivity, dream and, above all, love of what is done and enjoyment of doing it. Breathing and living in continuous improvement means thinking about problems and creative solutions to achieve goals. Challenging the Plan-Do-Check-Act is a methodology concerning the value of shared learning that must be repeated continuously.

*“Today, better than yesterday, tomorrow better than today.”*

“People, Processes, PRODUCTIVITY” is the motto of SGS and the reason why many companies, day by day, manage to achieve their goals and improve their results. It all starts and ends in people.

Are you up for the challenge?





## 7 Is it easy to implement a system of improvement ideas (IDM)?

If you are knowledgeable about Lean methodology, you will know about the very high importance of this tool. The results offered never cease to amaze, both in process improvement and staff involvement. We can see how this tool helps us to fulfill the different points of the Kaizen Spirit, as in its eighth point:

*“Consider the ideas of ten people instead of waiting for the great idea of one.”*

While it is one of the most widespread tools, I can assure you that it is also the tool with the most failures in its implementation. How many times have we heard, “at the beginning it worked very well, but a few months later, it was no longer used.”

### Why does this failure happen?

I will start by saying that an IDM system is not a mailbox/ board/web, where we ask the improvements to be deposited. It is something much more complex that you have to work on in-depth. We must articulate a system that attends to them in quality and time, to ensure their sustainability. For this, before its launch, it is necessary to implement an organizational design of an IDM, with its productive human organization structured in GAPs, communication systems, indicators, etc. to allow us to meet the following conditions for the proper functioning and sustainability of the system:

The way to manage IDMs, of course, is standardized. Every employee knows how to explain an IDM, as well as their participation in the management circuit.

- This medium is accessible in your work environment and is displayed transparently
- Quick response. Commitment for a response in the maximum term of one week
- The answer arrives back to the issuer, which will take care to validate it
- System status tracking. Deployment of indicators that show system status
- Etc.

Therefore, if we want a system that survives the few months after its launch, we must ensure all of these aspects work properly, otherwise it will remain a mere issuance of timely ideas.

### How can we make this system work?

Three words should lead us to success in implementation – **method, method and method**. Only by applying the method, can we obtain the desired results.

Therefore, we maintain that Lean is not just applying known tools (IDM, 5S, SMED, HOSHIN, etc.)

Before this, we must build the foundation upon which the system will be maintained, otherwise, it will inevitably be doomed to failure.

We could talk more about this tool. I open the debate with a question and invite you to participate – do you think an IDM system should be incentivized? If so, how?

## 8 Continuous improvement as a system to successfully implement business strategy

A bad strategy is the best way to ensure business failure. But why do robust and well-defined strategies not come to fruition in most companies?

A few years ago, Fortune magazine stated that nine out of 10 companies fail to implement their strategy. Some data can give us a little light to understand why:

- Lack of strategic focus: 85% of company managers devote less than an hour a month to strategic topics, while living in the maelstrom of day-to-day, in emergencies
- Lack of alignment of the entire organization, often motivated by ignorance of the company's global strategy (95% of people in companies do not know the strategy). This leads to actions with opposite effects and, in many cases, fierce struggles between departments
- Lack of urgency and focus on action. Most action plans derived from a strategic plan are followed quarterly and do not motivate the organization, which sees the evolution, in a way, as slow and in many cases tedious
- There is no system in most company structures to evaluate and monitor the strategic implementation and continuous monitoring of actions. If the main problem is the implementation of the strategy and not the definition, how can the organization execute the appropriate plans, so they can let us follow the path we have defined?

The first thing is to establish those paths. From the strategy, we must get down to the level of departments, processes and, even, tasks, improvements and new paths to create.

Through the Hoshin Kanri methodology for deploying a strategy, each hierarchical level sets the lower level, so concrete action plans can be carried out to achieve the strategic objectives.

We go down to the lowest level in a participatory way and, more importantly, for objectives. Each group process, unit and department establish what they need and how they will achieve the objectives we have set for ourselves. But the most important thing is that it assumes, as its own, a commitment to comply with the plan, with the participation of the persons in their charge.

So far nothing new, because as we know, taking responsibility is one thing and taking it to the corporal is a very different one. And this is where the key really is. If clear action plans, with known indicators and agreed objectives, exist, why is it so complicated to carry them out? The answer is clear: people in the organization are focused on solving emergencies and day-to-day problems, and there is no system of management that obliges them to systematically review whether they are following the marked course. This forces the execution of plans within set deadlines. This motivates them towards the new path because they perceive it as positive for them in their day-to-day, enabling them to ensure that all functions move in the same direction with all the necessary resources and tools available at all levels.





In short, the key is to make the strategy happen and to review it on a monthly or quarterly basis. To make it something we execute day by day in our work, that is monitored daily or weekly to ensure that we are still moving in the right direction and, when we are not, to launch actions or improvement projects to correct it.

A continuous improvement system throughout the company must be born from standardizing processes and tasks, objectifying the value contribution in each of them, the systematic elimination of waste and the involvement and commitment of all people in the organization. Because they must know what their functions are and contribute to the strategy, deploying visual management at all levels (in departments and processes), and the indicators and objectives, which, when aligned, will lead us to success.

On that basis, we must add a communication system based on daily or weekly meetings at group level, or in units that ensure anomaly detection. Daily, biweekly or monthly forums must focus on the systematic improvement of processes (especially interdepartmental processes) and above all, action plans must be continuously monitored to assure us that the objectives we set at the beginning are being fulfilled at all levels. In this way, we can also establish, in our company, habits that give our organization key values – a positive spirit, a focus on results and a sense of urgency.

In short, it is the application of continuous improvement at all levels of the company and its processes in a very transversal way, and with the total involvement of all people. This allows for a firm course of navigation without too much turbulence, towards a strategic destination.

## 9 The seven wastes of the banking sector: Lean Banking

*“Knowledge is something you can buy with money. Wisdom is something you acquire by doing.”*

This phrase was used by Taiichi Ohno (1912–1990), to whom we owe the Toyota production model, the well-known “Just-In-Time”. The process by which materials and products at an intermediate assembly point reach production at the time and quantity required. Ohno invented a simple and inexpensive signal system called Kanban (“card” in Japanese) based on cards held in the warehouse, on which the material and quantity requested are written on an ongoing basis.

Ohno was a restless and observant man. Already before World War Two, he wanted to know why American productivity was greater than Japanese. And he went to the US to study the greats like Taylor and Ford. His inspiration came in a supermarket. He observed how tasks were monitored by eliminating unnecessary steps in inventory management of stock, replenishment and customer satisfaction. His idea was to always eliminate everything that did not add value to the process or product.

If Ohno lived, it would be interesting to hear his opinion on productivity in some sectors. What would the Ohno of banking say, for example? Can Lean be applied to banking? Let us talk about the Lean Bank.

If we start from the basis that Lean seeks to eliminate the waste in production processes, that is, elements that do not add value, how much could we eliminate in the banking processes?

There is irrefutable data – the banks that have opted a Lean system in their processes have cut costs up to 30% and delivery times and errors up to 80%. Ohno identified seven wastes applicable to any process. Let us see, in banking, what these would be like:

- 1. Waiting:** Processes that need authorization. Information that does not arrive. Operations that are delayed do not meet deadlines. In the end, the injured party is always the customer.
- 2. Movement:** Sit in a comfortable armchair in any bank, and observe bank staff with papers in hand who come and go. Who search for documents on remote printers. Staff at the service window who must leave that area to look for a form.
- 3. Defects:** What happens if we complete a form incorrectly? When it is reviewed, after a while someone detects the error by confirming it and then it needs correcting. This is a flaw in the process. Yet, when a customer delivers, the documentation is reviewed on the spot to identify possible errors and avoid rework.
- 4. Overprocessing:** Duplication of some activity that by custom or routine that has not improved any process. Perhaps, if the client wants brief information about a product, it is not necessary to make a presentation with graphics and color photos. The idea is to optimize time and resources, and not make a simple process something unnecessarily time-consuming.
- 5. Inventories:** Accumulation of paper, obsolete products that organizations do not get rid of. This is excess raw material. In a bank, they can offer a product, show you a leaflet and, in 15 minutes, it is out of date – there is already a newer product and a leaflet with more up-to-date information (including information that we did not originally have to hand). A bad inventory can also lead to errors.
- 6. Overproduction:** A campaign for a new product offered to everyone indiscriminately. A well-designed campaign aimed at the typical customer profile would increase the likelihood of success and not create unnecessary customer calls.





**7. Personal skills:** People are resources that are not used effectively. Surely, many employees in banking could contribute a lot to processes and propose improvements. Not taking advantage of the team's expertise to identify, report and solve waste-filled processes, is a waste in itself.

**What would happen if a bank were Lean? It could:**

- Improve profitability by increasing productivity and reducing costs
- Increase revenue by creating more resources and time to carry out commercial actions and sales of products
- Reduce errors and customer response times
- Accelerate procedures and reduce risk by standardizing operational processes
- Create well-served and satisfied customers, creating a loyalty link that, in the end, helps to capture new business

These failures or shortcomings in banking systems that are not Lean are clearly seen during mergers or takeovers between banks. If they had well-defined, standardized and robust processes, the workflow would be more effective for the organization globally and for the human team, which could work with greater ease. Without doubt, the profitability of banking today will depend on an improvement system. Continue without it and banks will not innovate or gain greater participation in the market.

Ohno did not want anyone dedicated to tasks that did not add value. If you were to take a tour of some organizations, you would not understand what they have done in the last 50 years.

What would Ohno say if he went to visit your company? "Learn doing" was his motto. I hope you learned something today, more about Lean, and what you are doing.

## 10 The seven basic tools of quality

Many will wonder why SEVEN?

The explanation comes from Japanese history that tells us the samurai, the Japanese warriors, used seven tools or weapons in their military activity.

Inspired by its tradition, Dr Kaoru Ishikawa, an expert in quality control, established the seven basic tools (six statistics and one, its cause-effect diagram, of analysis):

1. The cause-effect diagram, also called the Ishikawa diagram or fishbone, is a simple graphic representation of the mind map model. What are the causes, problems or thorns to analyze, and how do they relate to the problem or effect? With this well-developed analysis tool, we can analyze the relationship between a quality indicator and the factors contributing to its existence
2. Data collection and/or a collection sheet, such as the name indicates, are used to gather data and classify them according to certain categories, by annotating and recording their frequencies in the form of data
3. A histogram is a graphic giving a clear view of the system's variables. It will allow us to display and compare the results of a change in the system, identify abnormalities and, in short, clarify objectives, the quality of a product, the performance of a process or the impact of an improvement action
4. The Pareto chart or the 80-20 rule will facilitate decision-making based on the priority of the problems or the causes that generate them. According to Vilfredo Pareto, "80% of problems can be solved, if 20% of the causes are eliminated"

5. Stratification. All information must be stratified according to specific departments and actions to assure the factors assumed and the isolation of the cause of a problem. Each group is a stratum and defined according to the specific situation that needs to be analyzed. Its representation is usually done through a histogram

6. A scatter plot. This graphic tool allows identification of any kind of relationship between two variables. Calculating the correlation coefficient can determine the degree of relationship between the two, and if it is negative, good or null

7. A control chart is used to evaluate the stability of a process and detect random or specific causes of variation

These tools are not intended to replace employee or expert experience, intuition, authority or determination, but to assist in data collection and analysis to make decisions based on them, thus solving the majority of problems in the productive areas.

This does not mean that in every problem, we use all seven tools at the same time. Two or three may be enough. In fact, there are more but it has been observed that with these seven, it is possible to solve most problems.

For Master Ishikawa, quality had to be a revolution of management, consisting of "developing, designing, elaborating and maintaining a quality product that is the most economical and most useful, which is always satisfactory for the consumer"





## 11 Lean rugby

I played rugby a few years ago, and this is a big deal. Throughout 2015, three events put rugby back in front of my sight and into my thoughts.

- In the April, Jorge Diego “El Pantera” left us. The coach that changed the lives of a group of 16-year-old kids deciding to join Les Abelles without having any idea what rugby was. The first year we were runners-up to Spain and we lived through an incredible season
- Between the September and October, the Rugby World Cup was played in England and Wales. After many years, without watching rugby, I saw how it had evolved: it had been professionalized, but the essence remained
- In the November, Jonah Lomu left us. The first superstar of this wonderful sport and the player who changed rugby to what it is today

There are many aspects of rugby that have real lessons for business management but, above all, I want to focus on some that come to mind today.

*The key is people.*

In rugby, the important thing is not individuality. A single player does not make a team.

At SGS, we call GAP (an autonomous group of people or processes) the group of five to seven people, who have common objectives and an everyday focus on continuing to improve results.

In rugby, each player is very clear about their role in the strategy of the game. Each player in the front gap or the line knows and executes their role in each phase of the game. But as a GAP, the front is perfectly coordinated with the rest of the team to ensure the success of the team’s strategy.

*Respect for unwavering values*

Lean management is supported by values that the system encourages – the Kaizen Spirit. This means respect for the process standards, an approach to action without excuses, team spirit, versatility and competence – all aspects that characterize a Lean company.

When, from an early age, a child is educated in rugby team values, such as honor, camaraderie, duty and dedication, humility and strategy, and team spirit above all, the success of the team is put above the individual success and respect for the opposition, I do not feel in the least that he doubts we are preparing him for life.

The success of that Les Abelles team, of which I was part, was that we were the best team made up of excellent people and trained by the “Panther”, and every day we remembered the values of rugby.

*Continuous process improvement coupled with innovation*

Rugby has evolved a lot in recent years. Despite its professionalization, the essence of the game has never been lost, even if it is unequal in different countries. The rules have changed, looking to make rugby more and more attractive. The technology is right on the rugby field, with referees who can see the play repeated and take decisions with better criteria. The physical development of players has also been increasing, as well as the hours of dedication.

There has been a lot of continuous process improvement across all areas, and also a lot of innovation.

Because of Jonah Lomu, rugby changed. At that time, the wings were very agile players and fast, but nothing could cope with a wing of almost two meters and more than 100 kilos that ran the 100 meters in 10.89 seconds. The 1995 World Cup (the World Cup that South Africa finally won) was a tremendous change in the way of playing rugby, but above all, Lomu managed to make it much more attractive for the viewer – and the audiences multiplied.

Jonah Lomu was the trigger for the modernization of rugby and what it is today. Twenty years after he left us his legacy is tremendous, and he has the gratitude of the rugby world.

*This serves as my tribute to a person who, although we did not know then, changed our lives, like the “Panther.”*

All his rugby and life lessons are summarized in three words that serve to face any personal challenge or profession:

*Head, heart and cojones.*

Thank you, Panther!





## 12 The great forgotten middle managers

What is the mechanism that engages management with operators?

Pyramidal structures seem to respond to this question: where a Director-General is responsible for the heads of departments or managers, and these, where appropriate, are responsible for some chiefs of service or managers, who are responsible for the company's final collective, the operators.

When we analyze this organization in-depth, we see that heads of department/managers are usually quite a trained collective, sometimes with experience in other companies, with important background experience and a good base, obtained with external or internal training provided by the company.

If we move to the bottom of the pyramid, we find the group of technicians and operators, a collective with very specific missions/tasks, clearly defined by their work processes or by their procedures of action.

### Who is responsible for transforming ideas, policies, and management strategies at the lowest level in the organization?

Supervisors should not only know about their issues, they must also know what to do about them, and how to make others (operators under their command) do it, too.

We ask supervisors to be everything: to be efficient and reactive, to control personnel and apply the policies defined by the company. They must know how to act quickly and how to solve everything that the organization has not been able to solve, because when things come down to it, there is no time for anything else – it is time to solve it, period. This is to say, we ask them for the infinite and, unfortunately, we contribute the minimum to them.

The managers are the ones who manage to transform the ideas and guidelines of the organization into concrete results and do this every day.

### How can managers be converted into good supervisors?

This question is key to transforming this group of managers into a collective that we will call, from now on, supervisors, since what we are looking for is not for them to solve all the unforeseen events that come during the day, but to coordinate and monitor what has been planned. That is, ensure that what is planned is being done. And between the planned, we identify several things:

*The safety of people, production planning, versatility, planned maintenance interventions, compliance with processes to ensure quality, cost and term, maintenance of order and cleanliness.*

Therefore, it is a key collective that ensures that the strategy of management reaches the last level of the company. It is not a collective "Jack of all trades," to solve the inefficiencies of the rest of the organization.

It is a collective that usually has neither a table nor an office to hide in, and they must give immediate answers to your team of operators. The word "now" takes on all its meaning in the day-to-day of supervisors.

### Have we endowed this group with the necessary tools to perform its function well?

If you consider that your company has more fire extinguishers than supervisors, you will have to start a plan to transform this situation.

Before wanting to transform managers, perhaps, some preliminary and very important steps will have to be taken.

- 1. The first thing will be to ensure quality, if there are issues that cause continuous problems in your production area. With quality assurance, you will be able to control the situation at home. The person in charge will go from solving the quality issues to ensuring that standards are met, and work is done with the necessary rigor*
- 2. Put the best resources towards production planning. There are few things more important in the day-to-day of a productive plant than the fulfillment of the production plan. Therefore, put the best in to perform the plan. With this, productive activities can be implemented. Forget the bush jump as a planning tool for production and try to have a production plan. And comply with it, obviously. In no case does this mean that you must lose flexibility. On the contrary, you must enhance it, but be prepared and efficient*
- 3. Avoid including the responsibilities of supervisors. Management of raw materials must be done by specific people who are not linked to production. A supervisor should not be chasing materials. When there is a lack of materials, and they have to look for them, the role of the supervisor becomes obsolete*

Once we have stabilized the quality, controlled planning and separated the procurement of materials from production, you can begin to put order in the organization and transform managers into supervisors. To do this, we will transform your day-to-day into a routine of points to verify, to ensure that what we have planned is in operation, and if not, that corrective measures are taken in each case.

The role of the manager goes from being a fire extinguisher, where they have to stop every fire that comes from the different departments, and evolves into a supervisory role with a list of points/topics to be verified in the day-to-day work routine, to ensure proper compliance with safety, quality and cost standards, and with deadlines.

In addition, as they have to manage people, they also have to know how to communicate, motivate, lead, listen, conduct meetings and respond to your teams. And in addition, they must set an example, because they are the public face of the company.

In this sense, at SGS, we are convinced that this group is key in your company and deserves special attention.

To do this, the training we carry out in Lean manufacturing and, specifically, Lean people, focuses on transforming this group into the best possible collective – without which your strategy will fail to reach the last corner of your company.





## 13 Do you want to improve labor costs?

One improvement made in the company that has a direct impact on workers is the **improvement of labor performance or HOSHIN**. This improvement, which could previously be perceived as negative, turns out to be the opposite, because the improvement reinvests in the transformation of employee working conditions and, obviously, in the improvement of the company's results. Therefore, if the competitiveness of the business improves, and the company goes full throttle, the future of the employees is guaranteed.

*"Labor productivity is not working faster, it's working better."*

### What is Hoshin?

Hoshin is the tool you are looking for on the ground and, with all the people involved. It provides simple solutions for eliminating waste and improving productivity.

### In what kind of processes do you apply Hoshin?

In those processes in which the tasks are subject to a short duty cycle.

### How do we apply this tool?

This tool, like all of them, starts with preparing the workshop, observing, and measuring each job. Then, we carry out training for the participating members, where we show the measurements and look for the new method of work that we are going to apply.

Subsequently, we test it online and with the help of maintenance (mainly), we apply small improvements to validate our pilot test. Once the test is validated on everyone's part, we apply the improvements definitively and create the new working standard of the line. The success of this workshop depends a lot on the preparation and the waste detected, because if it is not done well, it can even be counterproductive.

Personally, based on my experience, in the projects that have used this tool, the potential for improvement has been significant due to two factors that were not being done optimally. One is the sizing of the line, and another, very common, is the type of task sequence. Once this is detected, people start working more efficiently. Monitoring and control must be comprehensive to facilitate the sustainability of improvements achieved and, above all, to ensure that continuous improvement is infinite.

*"Improving the performance of the workforce is one of the solid pillars that is essential for the business's future."*

## 14 Philosophy of life and Kaizen Spirit

For a few years now, the West has been orientalizing and the East is becoming Westernized. It is like saying that emotional and rational intelligence open the arms to melt into a hug. Right and left hemispheres synchronize more easily and flexibly to create new ones, creating highways destined for improvement.

The literal translation of the Japanese word Kaizen means "change for the better," or "good change." On a cultural level, this concept is integrated under the slogan, "today better than yesterday, tomorrow better than today," and it means that things can always be done better. Therefore, every day that passes implies a certain improvement. If "neither the strongest nor the most intelligent survive, the one that best adapts does," the Kaizen spirit and its ten keys are the straightest path to flexibility. These ten keys are not rigid rules that one can apply without more from a rational mind, they are a philosophy of life that needs to be integrated from consciousness to be realized.

If companies are people, and people are the reason for an organization to function, these ten keys are basic values that should be followed on a day-to-day basis, both in the work environment and in personal life. A way forward to exercise mastery in the constant change that is life.

### Started?

1. Abandon fixed ideas and reject the current state of ideas. "You will never bathe two times in the same river." The water is constantly flowing, it needs to be renewed. A water becomes stagnant and rots. Any past time was worse
2. Instead of explaining what cannot be done, reflect on how to do it. Depending on where you focus in life, you will get very different results. Do you focus on watching the problems, or on looking for possible solutions? Do you notice what you have, or what you lack?
3. Immediately make good proposals for improvement. Good ideas create the impetus to put them into place urgently because they create a lot of hope. So, the time is now. Do it!
4. Do not seek perfection, reach for 60% from now. Lack of action is one of the problems and belief limitations that we face every day. It is the key to improving. Perfection does not exist because we are in continuous movement, and it is the same with continuous improvement
5. Correct an error immediately on-site. Just like good ideas, mistakes should be detected and corrected in the moment. To err is human, to remain in error is foolish. See what happens, experience and share the problem with the people that are affected by its consequences. You are sure to easily find solutions





6. Find inspiration in challenges. Adversities in life are opportunities for growth and improvement. Resilience is crucial in the Kaizen spirit. It is not about what happens, but what you do with what happens. There is neither good nor bad, nor problems – they are just labels that we insist on putting on things. What are the circumstances that invite us to change and advance?
7. Find the real cause, respect the five whys and then look for the solution. Do not settle for the first answer you find. If you only choose between two options, you will not reach the best solution or the actual cause of the effect. Ask yourself for each answer, and use the five whys at least once for better resolution
8. Consider the ideas of ten people instead of expecting a great idea from just one. Work as a team, share, and practice active listening. Every mind map is a treasure trove of creativity that should not be coerced by arrogance or unilateral ideas. The whole is more than the sum of the parts

9. Test and then validate. Validate as a principle. It is easy to implement solutions, although discipline and responsibility for implementation of certain actions must be validated to avoid malfunction or possible errors
10. The improvement is endless. Teachers guide you, but the choices are yours. The path of improvement never stops. It is infinite and will accompany you throughout life. The improvement is infinite by definition. “Whoever claims constant happiness and wisdom, must accommodate frequent changes”

### Our own Kaizen attitude

At SGS, we keep in mind each of the points because we consider that they are values to be integrated into the attitude of everyone. They are so present that we carry, in our wallets, the Kaizen card with the ten keys – to refresh ideas if necessary and even to show that contrary attitudes can prevent progress.

## 15 The power of participation in improvement ideas

Many of our clients ask us, how can you improve our results if you are not experts in our processes? The answer, “we will participate with the experts” sometimes baffles.

One of the simplest but most powerful tools of our methodology is the idea of improvement. Simple in concept, yes, although complicated in their commissioning and monitoring.

Many companies tell us that they already have ideas and they do not work for them. Most of the time we wonder:

Do you know the systems of ideas for improvement, and the people that can provide us with solutions? That is, the true experts? Or, have we put the right system at your disposal?

As in the application of any tool, one of the more important parts is the preparation of it. With improvement ideas, we must prepare the ground very well, asking questions, such as:

*Who do we want to reach? What kind of ideas are we able to manage? What follow-ups are we going to perform?*

All of this is key to being able to transmit the systems of the ideas for improvement to the people who will participate in them.

The success or failure of an idea improvement system depends on achieving expert involvement. That is, those people who spend eight hours (or sometimes more) addressing problems that, from the outside, are almost not seen and that are diminishing results.

If we manage to involve those experts and, above all, give answers in time, we will reach a successful and sustainable implementation.

**And you? Are you able to involve your experts?**



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