



Book Summary | Leading the Lean Enterprise Transformation | August 2024

Introduction

By: Kyle Chapman

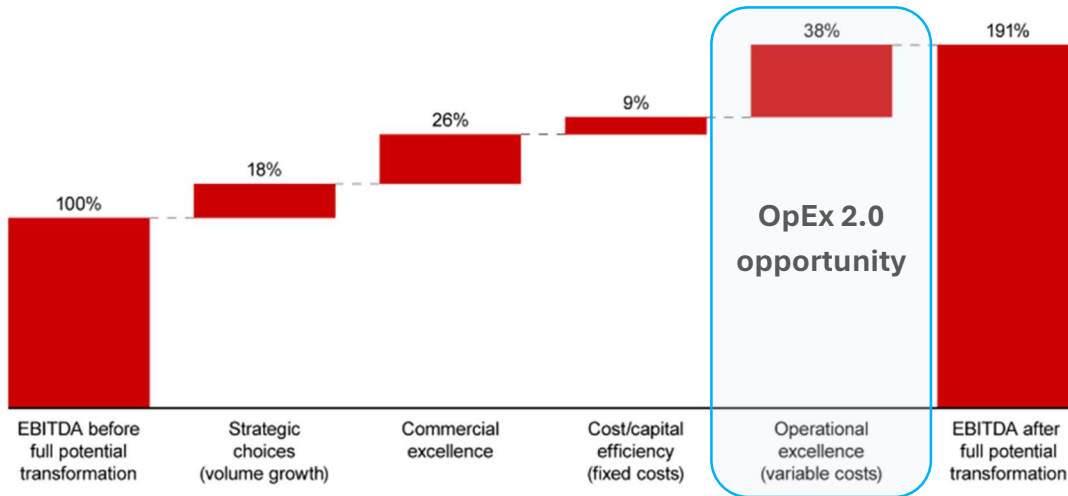
In FY16, we launched Barry-Wehmiller’s Step-Change era. We should all be proud of the transformation BW has undergone in this time – driving growth (revenue +56%, EBITDA +112%) while enhancing our focus of **People and Performance in Harmony**. The progress we have made provides more confidence in achieving our Strategic Plan vision of transforming Barry-Wehmiller into a vibrant, \$5+ billion organization with 15-18%+ EBITDA margins, all within our culture of measuring success by the way we touch the lives of people.

Despite our incredible progress and new baseline of performance, we still have significant work to fully unlock the full potential of BW. Today, we have the best talent in the history of BW, have launched (and are launching!) exciting innovations, and have evolved into a more market-focused organization. **Last year, recognizing similar obstacles we face across all of our production facilities and many back-office processes, we increased our intensity by naming the “Operational Excellence 2.0” program as a top enterprise-wide priority – one that will gain momentum in FY25 and sustain for decades.** Over the past year, we developed a common assessment tool, performed assessments at 10+ sites covering ~\$1B of revenue, and established a new team that will lead continuous improvement across BW. The new team, sponsored by Stan Blakney and led by BW’s new VP of Continuous Improvement, Doug Neal, will partner with leaders across BW to implement a consistent and repeatable methodology for continuous improvement. This team is meant to be an accelerant to our OpEx 2.0 journey, but it takes continuous commitment and consistency from all leaders to fully experience the benefits of this effort.

The best documented lean transformations in the world were a result of a strong people-centered culture, as such, the ground is fertile for BW to become one of those successful case studies. Having visited most of our facilities and listened to team members, I am struck by the consistency of obstacles and frustrations that hold our teams back or cause issues for our customers. We must continuously listen and we must continuously act. We need to have a productive paranoia that pushes us to find a better solution everyday in pursuit of our “True North.” **This dedication needs to be embedded in our bones as we pursue higher levels of customer service, improved team member sentiment and engagement, and, as a result, higher levels of financial performance.** I will leave you with this chart below that shows the importance of operational excellence during a transformation similar to the one BW is pursuing, and how it can be the largest contributor (+38%) of EBITDA uplift:

Value Gained from Key Drivers

Avg. Percentage of EBITDA Uplift, Per Lever



Source: Bain & Company, *Full Potential Transformation in Paper and Packaging*

Please engage deeply with this book selected by Doug Neal, as I am certain the messages/learnings within it will accelerate forward our operational excellence journey and move towards a more disciplined approach and higher levels of performance. We will discuss the learnings from this book during the October Executive offsite, and I hope you will share my excitement for this next stage in our journey!

Book Summary

By: Doug Neal

Doug joined Barry-Wehmiller in June 2024 as Vice President, Continuous Improvement (CI). Doug and his team will lead the efforts to reboot our dedication to Operational Excellence and the broader deployment of the [BW Way](#). Doug brings over three decades of experience in operations and continuous improvement across diverse industries, spanning from healthcare to manufacturing. Most recently, Doug worked at Revvity (formerly PerkinElmer) and Sr. Director Planning & Logistics and Global Lean. Immediate priorities include working with the Operations Excellence Steering Committee to set the vision, pace and expectations for our platforms. The corporate CI team supporting Doug includes Mark Herden, Michael Bartell, and Jun Ho Lee.

Connection to Prior Books

In the past, the book selected focused on an overarching foundation for a successful business:

- *Strategy that Works* stressed the necessity of connecting our strategy and organization to leverage our capabilities to drive results
- In *Execution*, we saw that strategy, people, and operations all needed to be carefully monitored by the right people for a successful initiative implementation
- *Winning Now, Winning Later* reminded us that leaders must be engaged more deeply with intellectual curiosity to ensure that we have both the short-term and long-term success in mind

- The *Six Types of Working Genius* pushed us to properly assess, develop, and place our team members to ensure their success and growth of the business.

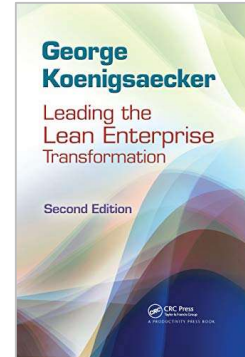
Leading the Lean Enterprise Transformation will build on these concepts discussed and **push leaders to apply our learnings in solving problems for the business rather than reacting to symptoms.**

Why This Book

Anyone who has ventured onto Amazon or Google seeking advice on lean manufacturing knows there is no shortage of books on the subject. Since the dawn of “lean manufacturing” with the book *The Machine That Changed the World* published in 1990, the industry has exploded. There are many books chronicling success stories with advice on how to lead an organization through a transformation utilizing principles and behaviors touted to achieve significant gains in performance by identifying and eliminating non-value-added activities.

With the book *Leading the Lean Enterprise Transformation*, the reader will be exposed to the learnings of one of America’s pioneers in adopting and experimenting with the Toyota Production System. George Koenigsaecker has

led 9 enterprise transformations over 40 years, sits on the board of multiple companies, has been honored as an inductee into Industry Week’s Hall of Fame, and has spent his career studying hundreds of companies that have started their own lean journey. **I find this book to be one of the best in terms of sage yet practical advice for all senior leaders as the concepts of lean will aid in improving all functions of the organization to include commercial, marketing, strategy, engineering, people, and operations.**



A true lean transformation is a leader-intensive process. The book offers concise guidance for leaders to follow, with practical advice to avoid common pitfalls, and to build a business system that has the development of people at its core. The magic of the book comes with Koenigsaecker’s simple, yet direct, approach. As you read through the book’s first 110 pages (the ‘instruction’ part of the book, followed by appendices to support), you should find yourself stopping to reflect on your own experiences. You should take note on the multiple times Koenigsaecker references how the right behaviors are often “opposite of the traditional leadership behavior.” Predictably, leaders will follow their past experiences, but we must understand deeply if our current behaviors are delivering the culture we seek to implement in our organization. **After reading and reflecting on the messages in this book, leaders should ask themselves these key questions:**

1. Am I consistent with my words and actions; and are they supporting a learning environment – one that appropriately challenges individuals and teams in a safe, supportive environment?
2. Am I persistent in my messages that improvement is a forever-lasting journey and that we will measure success by the results in our key metrics?
3. Am I insistent in supporting a standardized methodology to approach systematic root cause analysis and making rapid change? Insistent that we will change THROUGH the involvement of the those most impacted: our team members and our customers?

Take time to reflect deeply on your answers and then take action based on your insights.



The learnings from this book will help us develop a lean model unique to Barry-Wehmiller that will drive our continuous engine forward.

Chapter Summaries

Chapter 1:

This chapter introduces George Koenigsaecker and the context for his advice and guidance offered in the book. George has had significant experience learning directly from Toyota. He was the first American executive to hire and bring to an American corporation the direct descendants of the Toyota Automatic Study Group, known today as Shingijutsu Consulting Group. He has led transformations in multiple, international corporations and has had the fortune of being directly involved in multiple, international benchmarking studies across industries. His insights come from his hands-on experience, leading to his direct involvement in the development of the Danaher Business System during his time leading multiple business lines.

Chapter 2:

In this chapter, the author attempts to settle the lingering question “What is Lean?” and settles on the reality that there are multiple answers to this question. **Lean is built on 2 pillars: 1. The practice of continuous improvement and 2. Respect for all people. In this sense, Lean is continuous improvement through all people involved in the work.** Lean is also about identifying and eliminating waste in all processes. In this respect, it is critical that all people, particularly our leaders, become well-versed in learning how to identify and eliminate waste. Lean is also a problem identifying and problem solving system. The author highlights the difficulty building a culture of root cause problem solving in the midst of daily firefighting. In summary, lean is a people driven improvement system that can improve any work process. The ultimate goal of Lean transformation is to build a learning culture that solves customer problems forever.

Chapter 3:

We are reminded that everything that matters cannot always be measured, but we get what we measure. All organizations struggle capturing and driving insights through simple metrics. This chapter highlights how measures can be simple and how high is possible. **Toyota has settled into their True North metrics. 1. Human Development 2. Quality 3. Delivery (timeliness) and 4. Cost.** True North relates to the concept of a never-ending journey. Perfection is defined as zero defects, delivered with only value-added time (no waste/waiting) with only value-added resources (cost) and executed through our people. Until we reach perfection, our journey must continue. The author highlights how high is high with moving key metrics. Few believe we can get a fourfold increase in productivity or a 90% reduction in lead time. On page 22, paragraph 3, he points out that there are few executives thinking of taking a decade long journey to grind out improvement of this magnitude. The author then begins a deeper dive into the true impact of driving a few, simple metrics over time. He highlights how better quality, as perceived by customers, leads to higher ROI and how lower lead times are a major driver of market share capture. From a financial perspective, productivity (output per unit of input) becomes the main



focus for driving cost. Most importantly, on page 34, first paragraph, the author offers why the primary metric for developing people needs to be the number of times individuals get direct experience on well-structured Kaizen events and more specifically the weeklong, dedicated events called jishukin. Toyota spent a lot of time trying to determine the best way to engage and develop people. They have found that the most impactful way is for people to have direct involvement in these jishukin events.

Chapter 4:

This chapter provides guidance on how to develop our current roadmap for change and implementing change. The value stream mapping and analysis tools is often one of the least understood tools. The process of physically walking, capturing and quantifying waste during the initial state map is a critical part of learning. It is very common to simply read how to make a map and believe the rest is simple and mechanical. Many say “we have already done a value stream map” and think that once it is made, there is little value is revisiting the map again. **Lean is NOT a state of being but a state of CONTINUOUSLY DOING. The author introduces the rule of “5 times”. Each value stream will take at least 5 “cycles” of learning, changing and re-mapping to begin to approach “true north” levels.** On page 53, Koenigsaecker introduces the concept of Model Value Stream. The purpose is to create an example that is so advanced in overall performance that anyone can easily see it is successful at showing breakthrough performance. It is both a highly developed example and a key change management tool. The weeklong kaizen event is discussed as the main driver of change and development. Empirical evidence highlights how individuals who participate on multiple events will become internal champions of change. By actively participating on 10, 50, 100 events, every individual will become absolutely sure how to make improvements.

Chapter 5:

Tactical organizational practices are highlighted. Role of $n/10$ highlights what is the proper pace of improvements events relative to the number of people involved in the work (with n = to the total number of heart counts affected by the implementation). Advice on how to design improvement teams, key failure modes (including the role of sustainment) and the 3 percent guideline for the number of full time focused continuous improvement resources. Additionally, the author offers guidance on how to select people for the full-time team and how to select a leader for the team. As most activity will begin with how we produce product on the shop floors, we also must address transactional or administrative processes. Guidance is offered on how to structure these administrative teams.

Chapter 6:

Strategic organizational practices are defined to address governance of the process including: immersion activities for leaders and key stakeholders and the importance of building a guiding coalition of leaders, who will lead the efforts through the challenges that will be experienced. **The chapter addresses the critical role of communication, including strategy deployment. The author offers simple summaries of what to expect in year 1 through 4 of the transformation process.**



Chapter 7:

In this chapter, Koenigsaecker addresses culture. He highlights how developing “culture” is often not a focus of leadership. But how important culture (think “behaviors”) are to success. The chapter begins to define culture, describes the building blocks and offers key behaviors and principles to embed in our daily work. And finally, he offers an action plan for building the culture, starting with personal involvement in making the changes identified.

Key Takeaways

What is Lean?

The first few chapters help us understand that lean is *continuous improvement through all people involved in the work* built on two main pillars:

1. Practice of continuous improvement (highlighted more in detail in the appendix)
2. Respect for all people

As leaders, we must learn to identify and eliminate waste so that we can lead by example and shift from a fire-fighting mindset of covering the symptoms to a problem-solving mindset of addressing the root cause. In this aspect, lean transformation is to build a learning culture that proactively solves problems for our customers.

What is needed for a successful lean implementation?

The book also stresses the importance of measuring the proper metrics to assess success. The True North metrics are the guiding metrics driving Toyota’s success:

- Quality improvement
- Delivery/lead time/flow improvement
- Cost/productivity improvement
- Human development

The goal is perfection in all four metrics, and lean is the forever-lasting journey towards our goal. Religiously adhering to these metrics will organically deliver the commonly measured key performance indicators such as higher ROI, productivity, market share, and profit margins.

What is the optimal way to engage with team members?

In terms of how this pertains to our people, Toyota has determined through years of experimentation that the best way to engage and develop people is for people to have direct involvement in a week-long, dedicated, and well-structured Kaizen event called jishukin; and the frequency of these events (recommended at $n/10$ events per year, where n is the total number of heart counts affected by the implementation) is key to developing our people’s lean mindset. Additionally, having approximately 3% of an organization dedicated to continuous improvement will ensure long-term sustainability within an organization.

What is the influence of “Lean” on culture?



Lastly, the book emphasizes the importance of culture in the successful implementation of lean. We will start to see the positive effects of this transformation once we help instill the mindset that continuous improvement is not a just a fancy yet cumbersome ordeal, but a proven methodology that will empower our members to self-sufficiently improve their work environment, advance their productivity, and contribute to the growth of the business.

In short, continuous improvement is not additional work, a short-term project, or a singular event; it is a mindset that we instill in our strategy, structure, and people to continuously strive for perfection. For its successful implementation and sustainment at Barry-Wehmiller, the Senior Leadership Team must be committed to staying on the long path that is lean and send a clear message to our members that this is our way forward.

Looking Forward

As we move forward building on the successes of past Operational Excellence initiatives, Operational Excellence 2.0 will develop and execute on a disciplined, structured and transparent process for defining, executing and sustaining improvements to our operational processes that deliver better than historical results. As an organization we will dramatically increase our focus on defining and successfully executing key tasks required to deliver faster changes with deep involvement of our people. With our intense focus on developing people through involvement, we will begin to focus on getting key people on multiple improvement teams each year as a critical part of their development. We will build a team culture through a much higher frequency and intensity team-based improvement activities. Leaders will experience a faster pace of change that will put pressure on our ability to define and execute on these critical processes required to be successful. Through a more defined “process for making improvements,” our deficiencies will become more apparent sooner and will require disciplined root cause analysis to bring about the continuous improvement culture we desire. Insights gained from reading Koenigsaecker’s book will help each BW leader in this journey.

Questions to Consider

And finally, to reinforce the importance I will repeat: After reading and reflecting on the messages in this book, leaders should ask themselves these key questions:

1. Am I consistent with my words and actions; and are they supporting a learning environment – one that appropriately challenges individuals and teams in a safe, supportive environment?
2. Am I persistent in my messages that improvement is a forever-lasting journey and that we will measure success by the results in our key metrics?
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