

# THE LEAN MAG



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# contents



**01**

LETTER FROM THE EDITOR



**04**

KINGS, PRIESTS, AND BAD OMENS



**9**

DOES LEAN WORK IRL?



**13**

SURVIVAL LESSONS FROM  
THE GOOD, THE BAD, AND THE UGLY



**18**

DOES LEAN REALLY WORK IN A NON-  
MANUFACTURING COMPANY?



**21**

IS YOUR PROCESS READY FOR A DISRUPTION?



**27**

DON'T REPLACE  
PROBLEM SOLVING WITH AI



**31**

AMPLIFYING GEMBA WALKS

# letter from the editor

## Happy Anniversary!

5 years.

21 editions.

67 authors.

204 articles.

It's been awesome!

I can't express in words how grateful I am for all the support from the lean community, authors, theleanmag.com members, social media followers, friends and family.

I've made so many (and strong) connections — some I don't even know in person — and learned so much.

I'm sure most of you did too. And that's amazing!

Enjoy it.

Thank you for being a reader.



Pedro Monteiro

Editor, theleanmag

mag@theleanmag.com

Cover by [Jess Bailey](#) on [Unsplash](#)



# regular contributors



**Andrew Lenti**

is one of the co-founders of TOPP Tactical Intelligence Ltd, a European operational excellence software provider and one of the original architects of PRESTO Digital Enterprise, the all-in-one continuous improvement business management system.



**Art Byrne**

is the retired CEO of The Wiremold Company where his lean strategy increased enterprise value 2,467%. He is also the best selling author of The Lean Turnaround and The Lean Turnaround Action Guide.



**Beth Crowley**

coaches organizations through cultural transformation! Passioned for Operations and Continuous Improvement, enjoys the opportunities and challenges of the journey. Beth worked with numerous Fortune 500 companies, guiding them on the path to better effectiveness of their people & processes.



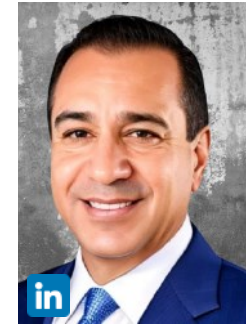
**Bob Emiliani**

studies areas of Lean leadership and Lean management that others ignore, covering both how to be successful with Lean and why leaders resist or reject Lean. Creative and innovative thinker and highly regarded for thought-provoking writing and speaking. Please visit [bobemiliani.com](http://bobemiliani.com).



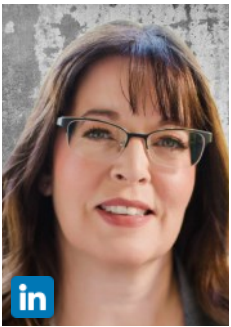
**Bruno Pešec**

helps business leaders create value. He brings a wealth of experience with lean innovation from a number of industries. "Pertinent, pragmatical, and practical" are his favourite modes of working.



**Carlos Cruz**

is an innovator and cultural reformer that revolutionizes traditional leadership management practices into a diverse and all-inclusive Operational Excellence organization by implementing the Shingo principles.



**Cynthia J. Young**

is the founder of CJ Young Consulting, LLC, a knowledge management consulting firm. Through a human-centric focus, She has co-authored three books with her chapters having a knowledge management focus – two of which are international best sellers.



**Esther McVicar**

is an experienced executive director and organizational systems specialist. A sessional academic at the Australian National University (ANU) and the Australian New Zealand School of Government (ANZSOG). Connect with her on LinkedIn for insight about; Strategy, Risk, Governance, and Transformation .



**Gary Kapanowski**

Is a certified Lean Six Sigma Master Black Belt and Certified ASQ Bronze Lean professional, is Cost Accountant, Lean Six Sigma Master Black Belt Lecturer at Lawrence Technological University Professional Development Center, and Contributing Editor and Editorial Board for the Journal of Cost Management.



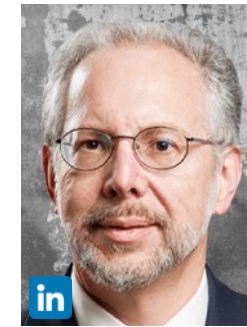
**Jamie Flinchbaugh**

is an entrepreneur, senior executive, consultant, and board member with 30 years of learning-oriented experience spanning a range of roles across exceptionally diverse industries and functions. Has held several leadership positions and over the last 20+ years,



**Jared Thatcher**

is passionate about Lean and sharing its principles with others via the Virtual Lean Summit. He also runs the in-person event, the Global Lean Summit. Jared is a CPI Program Manager at the Port of Seattle, and is the author of the book, "Parenting the Lean Way"



**Jeff Liker**

is Professor Emeritus of Industrial and Operations Engineering, University of Michigan and a professional speaker and advisor through his company Liker Lean Advisors, LLC, a network of associates to teach and consult in the Toyota Way. Author and award winning of international best-sellers.

# regular contributors



**John Turner**

is an Associate Professor at Texas A&M University in the Educational Administration and Human Resource Development Department. He is the co-author of 'The Flow System Playbook' and 'The Flow System.' His research focuses on complexity, distributed leadership, team science, decision-making, and the intersection of lean and uncertainty.



**Joseph Paris**

is an international entrepreneur and a sought-after strategist, consultant, mentor, and speaker on the subject of "Operational Excellence". Joseph Paris' end-goal is to help create high-performance individuals working in high-performance teams for high-performance organizations.



**Julie Fournier**

provides executive coaching, Lean expertise and Engineering skills to achieve the implementation of Healthcare systems where dedicated humans can contribute to the full extent of their ambitions.



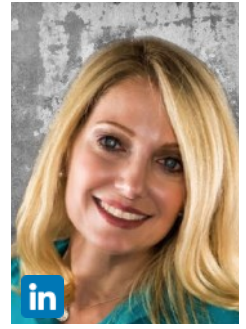
**Karen Martin**

is the President of [TKMG, Inc.](#) and the Founder and President of [TKMG Academy, Inc.](#) She's also the author of five business performance improvement books, three of them award-winning. Karen is also a keynote speaker, inspiring people to adopt a passion for excellence.



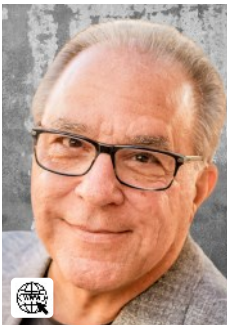
**Katie Anderson**

is an internationally recognized leadership and learning coach, lean practitioner, speaker, and bestselling author of Learning to Lead, Leading to Learn. To know more about Katie, visit [kbjanderson.com](#).



**Lauren Hisey**

is not your typical consultant or coach. She uses a calming influence, Continuous Improvement, Lean Six Sigma, AI knowledge through regular conversations to help create effective change within any business, to improve profitability and culture to drive sustainable growth.



**Mark DeLuzio**

is known as a pioneer of Lean and the principal architect of the Danaher Business System—serves as a trusted advisor to senior leaders in global manufacturing organizations whose financial and operations metrics have flatlined. Author of "Flatlined: Why Lean Transformations Fail and What to Do About It".



**Mohamed Saleh**

is a visionary executive coach dedicated to revolutionizing business systems and reshaping organizational cultures through enterprise-wide Lean transformations. A dynamic keynote speaker, accomplished author, and trusted mentor, empowers leaders to break through barriers.



**Paul Akers**

is an entrepreneur, business owner, author, speaker, Lean maniac! He is the founder and president of FastCap, a product development company with distribution in over 40 countries. Paul has written 5 books, "2 Second Lean", "Lean Health", "Lean Travel", "Lean Life, and "Banish Sloppiness", and "Impact of 2 Second Lean".



**Sonia Singh**

is the founder and principal of Sonia Singh International LLC, a leadership coaching and training company, and an adjunct professor at the University of San Francisco. More about Sonia at [soniaskingh.com](#).



**Tracey Richardson**

had the unique opportunity after a rigid hiring process to be part of the startup phase at the first solely owned North American plant for Toyota Motor Corporation in Georgetown, KY (TMMK). Co-author of The Toyota Engagement Equation.



# KINGS, PRIESTS, AND BAD OMENS

by Bob Emiliani

People have been trying to convince top business leaders of the merits of progressive management for over 100 years. There is no data on the many different ways that have been tried. Nevertheless, one can easily imagine that the vast majority highlight features that would seem to be of greatest interest to CEOs such as reducing costs, increasing profits, improving quality, growing market share, improving employee engagement, etc. And there probably is a small minority of ways that are more creative or unique. But they all have something in common: a poor track record of success. Most top business leaders remain committed to

archaic classical management.

Why is this so? I have written extensively on this topic from the perspectives of status, rights, and privileges; irrationality; secular spirituality; aesthetics' preconceptions; and workmanship. In this blog post I will focus on secular spirituality, specifically superstition. This is an avenue for not only further understanding why leaders remain committed to archaic classical management, but also for providing new insights on how to get more leaders to accept progressive management. Four thousand years ago, kings — ancient CEOs — had close relationships with priests

because they did not understand many aspects of existence.

Superstition ran deep because it helped them make sense of the world, and priests were the mediators between the supernatural and earthly worlds. Priests were the king's trusted advisors. While the king has ultimate decision-making authority, they were highly attentive to priests. Under threatening conditions, the king precisely followed the priest's advice.

When a celestial event such as a solar or lunar eclipse occurred, it was taken as a bad omen; a sign of impending doom, some form of harm or disaster that would affect the king and his reign — natural disasters, chaos, internal rebellion, wartime destruction and defeat, crop failures, disease, death, etc. So the priests performed various rituals (e.g., reading animal entrails) and prescribed different antidotes (e.g., sacrifice) to appease the gods and halt or limit the scope of the expected harm, and thus change the future to deliver continued good fortune to the king and perpetuate his reign. Priests' divination controls the king's thinking and behavior.

Fast forward to today, four thousand years later. People are still superstitious, including chief executive officers (CEOs). Though we now understand many aspects of our existence, there are many things we do not know or remain ignorant about. Superstitions conveniently fill gaps in our fact-based knowledge. The most common form of superstition is luck (good and bad), to which we ascribe all sorts of events. And we still have concerns about bad omens resulting

from a broken mirror, walking under a ladder, a black cat crossing one's path, Friday the 13th, and so on.

For a company to be successful — especially for start-ups and for established companies to thrive over the long run — a lot of things have to go right among many different dynamic elements that contribute to an enterprise's existence: employees and departments, customers, suppliers, investors (keeping the faith), communities, and competitors. There are also many types of expected and unexpected intrusions that threaten CEOs and the company's well-being that could end both their future.

Instead of looking at the sky for celestial events that foretell bad omens, chief financial officers (CFOs) — the modern-day priests — look at financial information, the entrails of the company. Based on this information, an advanced form of ancient mystical numerology, they advise CEOs on various rituals and antidotes needed to halt or limit the scope of the expected harm. In doing so they change the future to deliver continued good fortune to the CEO and perpetuate his reign. The CFO's divination controls CEO's thinking and behavior as they precisely follow the priestly advice.

Rituals include the CEO communicating the company's difficulties to investors and employees, and explaining the antidotes that will stave off calamity or death. Of course, there will be sacrifices: budget cutting, getting

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rid of one or two senior executives, laying off many lower-level managers and large numbers of workers, pressuring suppliers to lower prices, offshore domestic work, and so on. While seemingly effective, these rituals and antidotes reflect an ancient approach to improvement that typically does more harm than good, thus foretelling future calamity. The priestly CFO will again soon advise the CEO of various rituals and antidotes to halt or limit the scope of the expected harm. Often, recovery is only achievable through the occult practice of mergers, acquisitions, and spinoffs.

A more modern approach to improvement is to look at the actual entrails of the company: the genba. There, one will find large numbers of disruptions and tremendous asynchrony between supply and demand whose effect is to miss sales opportunities, increase costs, reduce productivity, generate quality problems, and increase the time for order fulfillment. Of course, neither the CEO nor the CFO can read the actual entrails of the company, and going to the genba violates numerous sacred traditions and would likely result in a prolonged “curse” from the gods (i.e., CEOs who are higher in status) that would doom them to misfortune. Consequently, an experienced priest, a sensei, is needed to read the entrails of the company.

From this we find a point of possible leverage for getting more leaders to accept progressive management. CEOs, being human, are superstitious and greatly interested in knowing how to improve their chances to be the



recipient of good fortune both personally and for the company.

Creative petitioners can connect progressive management to good fortune. Waste can be understood as negative energy that will bring bad luck to the CEO and the company.

Conversely, eliminating waste will bring alignment with the universe and good luck to the CEO and the company.

Progressive management aligns with CEOs' intuition, their spiritual being, regarding competition, winning, honor, order, and of meliorative trends. It would bring spiritual well-being to the CEO and the company.

Eliminating the negative energies of waste, unevenness, and unreasonableness would smooth the flows of work and produce stable synchrony between supply and demand.

Genba kaizen would function as a cleansing ritual, spiritual awakening, spiritual regeneration, and the primary method for developing people whose minds and work are in harmony with the company and customer's needs. The U-shaped production cell is the shape of a horseshoe, a sign of good luck. Standardized work, 5S, visual management, PDSA, root cause analysis, etc., would be rituals that bring order and consistency, thus avoiding bad luck (chaos). The resulting balance puts the company in alignment with natural evolutionary forces.

Unfortunately, at the present time senseis are not perceived as priests whose status is equivalent, if not superior to CFOs. Therefore,

perhaps the biggest challenge will be to find ways to elevate experienced senseis — people who can quickly and expertly read the entrails (genba) of the company and who expertly understand the relationship between the genba and money — into positions whose influence on CEOs is at least as strong as CFOs. Instead of doing the usual thing, which would be to create yet another VP or CXO position, or elevate the VP of operations (who likewise is probably unable to read entrails), the CEO's top priest should simply be a sensei imbued with great wisdom from experience whose time is split between facilitating improvement on the genba and advising the CEO and CFO on how to bring year-over-year good luck to the company. ■

Júnior Empresa Lean de Aveiro (JELA), a non-profit organization, is composed by students of the University of Aveiro (Portugal) and whose main purpose is to put the Lean Philosophy into practice. It holds events and workshops about Lean in the academic community, with several successful editions and many renowned speakers. It also has an important role in the business environment, implementing projects related to continuous improvement on the industrial sector.

# JÚNIOR EMPRESA LEAN DE AVEIRO

O PENSAMENTO NA PRÁTICA

## JELA RECRUITMENT



At JELA, we believe that real progress comes from taking on new challenges and stepping beyond what feels comfortable. By facing these challenges, we unlock growth opportunities and develop skills that prepare us for the future.

This October, we opened our doors to students from all courses at the University of Aveiro, encouraging everyone to apply for a spot on our amazing team. The recruitment journey began with a simple application that included a CV and a motivation letter, where candidates could share their ambitions and reasons for joining us. The following phases consisted of group dynamics and individual interviews with specific tasks designed to assess candidate's talents in alignment with our departments.

This year has been quite challenging as we opened our applications to so many courses but we're thrilled to see so many candidates who are ready to invest in themselves, work collaboratively, and contribute to our junior company. As JELA grows, we remain committed to fostering an environment where each member can continuously learn, innovate, and make a meaningful impact.

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# DOES LEAN WORK IRL? (IN REAL LIFE)

by Beth Crowley

Early in my career, a mentor shared his method for identifying waste in a manufacturing environment over dinner one night. “Find the laziest person who is still meeting the production rate,” he said. “Then watch him, because he’s got it all figured out.” Across various environments, facilities and industries, I found the laziest (or perhaps smartest) person where the work was being done and I observed how he or she did the work. Inevitably, that person, let’s call her Carol, had an organized, well-stocked work area and/or toolbox. Carol knew exactly where everything that she needed was, and she followed a standard routine that was rarely

deviated from. Unless she came up with a better way—a way to be faster, safer, or more defect-free—and the new way became her routine. Repeat. No one had talked to Carol about Value Stream Mapping or 5S, yet she intuitively identified and eliminated wasted time and energy in her day. Without coaching, Carol permanently resolved issues and worked “smarter, not harder.” I started to wonder: why is it easy for Carol to see waste? Why has continuous improvement always seemed like common sense to me? I challenged myself to figure out how that happened and then to apply it everywhere.

I come to Operations and Continuous

One morning I was waiting to chat with him, so I sat and watched the activity through the window. After a few minutes I casually asked, "how many times a day does a forklift go by with nothing on the forks?" His immediate answer was "ALL DAY." We started our "No Empty Forks" campaign that afternoon, making moves to point-of-use faster without increasing resources/labor costs.

Do you ever wonder how many of the big trucks hovering over you on the highway are full? If they're empty, returning to where they started (while incurring cost with no associated revenue), does that seem like a waste? Many companies have focused on minimizing the number of miles traveled with an empty truck. Backhauls get filled through implementing milk runs or outsourcing the process to logistics service providers.

Traveling may seem glamorous but doing it on a weekly basis is exhausting. On long consulting projects, you often return to the same hotel every week and the staff becomes like family. A Road Warrior's life consists of packing, unpacking, and lugging stuff to and from the airport. Talking with a more experienced colleague decades ago, my mind was completely blown when he said, "why don't you have the hotel wash your clothes over the weekend? They'll be in the closet of your hotel room when you return." What? That's an option? It may have added to my cost, but it allowed me to eliminate the need to check a bag on flights, cutting my time (& aggravation) at the airport twice each week. A short time later, I started leaving a toiletry bag at the hotel over the

“Without standards and processes, the expectation of a consistent Big Mac would rarely be met.

weekends, further decreasing the amount of time & energy it took to return the following week. I call that Continuous Improvement!

### **Everyday Lean: Standards Don't Stifle Creativity**

Did you ever wonder why (or how) a Big Mac in Oregon tastes EXACTLY THE SAME as a Big Mac in North Carolina, or Idaho, or Texas? The food service workers in North Carolina have never met the ones in Idaho, and yet the products look and taste the same. There's only one way to make that happen: they use the same routine, the same ingredients, the same timing, and the same heating method at every location. The process is documented with pictures and text describing each step in creating the perfect Big Mac. Why? Because a consistent process yields a consistent result. When I teach this concept to Business School undergraduates, I replace the word "result" with any process output: a consistent process yields consistent cost, quality, taste, timing, appearance, functionality, etc. Without standards and processes, the expectation of a consistent Big Mac would rarely be met.

Standards give teams a place to start, a line in the sand, a baseline from which to improve. Taiichi Ohno also said, "without standards, there can be no improvement." Consider a Pit Stop during a NASCAR race. Every activity is monitored to 1/10 of a second, and each second matters because when the car is stopped, it is not moving toward the goal (the Finish Line). A Pit Crew practices their stops over and over because 1/10 second might be

the difference between winning and losing a race. How would the team know if they were improving if they didn't have a standard to compare their practice times to?

I mentioned earlier that I come to a Lean Mindset naturally, through my dad's family and the automotive industry. Would you believe that as an adult, I learned this skill also comes to me through my mom's side of the family? For decades while I was growing up, my mom volunteered to count election ballots in my hometown. The volunteers would start counting after the polls closed and work through the night. In the early years, we didn't see my mom until the following day. After a few years, she moved up the volunteer ranks and became a Team Captain. After a few more years, she started having a pre-election planning meeting with her team, giving each team member roles and responsibilities and answering questions ahead of time so that on Election Night they could get right to work. They also held a post-Election meeting to talk about what worked and what didn't and to create an improved process (standard) for the next year.

You probably can guess where this is going. Every year she got home a little earlier, but as it was in the middle of the night, we didn't really notice. One year she walked in while my dad & I were watching the 11 pm news. I remember we both looked at her, confused, until my dad said, "what are you doing here?", to which (of course) she replied, "I live here." We still laugh about that. Over the years, that Ballot Counting Team decreased their timeline by 75%. Their reward was a good

night's sleep.

### **Everyday Lean: Steal Shamelessly!**

Lean thinking includes being generous in sharing the lessons that you have learned with others. Either Picasso or Oscar Wilde said something close to "Talent borrows, genius steals". As such, take these stories and make them your own! Consider your activities or routines that fit into the concept of lean thinking and use them to encourage others to be open to new ideas. One of my favorites is the Sunday night routine, everyone has one and they don't realize it is a process until you point it out to them. ~

### **In Conclusion**

Breaking down resistance to change happens when your audience can relate to the story that you're telling. If you're speaking in abstracts with unfamiliar language (ex: six sigma, lead time reduction) to a group of people who work with their hands, your message may not get through. Instead, understand your audience and their perspective and craft your message using language and examples that make sense to them. Everyone has experienced traffic delays, fast food & the Sunday night blues. Leverage that knowledge when influencing people to embrace change and in the end, it just might save some of your own precious time and energy.. ■



# SURVIVAL LESSONS FROM THE GOOD, THE BAD, AND THE UGLY

## ENTREPRENEURSHIP UNCUT

by Andrew Lenti

Entrepreneurship is often celebrated as a thrilling journey, but the reality is far more complex and frequently less glamorous than social media suggests. Overwhelmed with uncertainty, decision fatigue, and isolation, I can't help but draw parallels between the entrepreneur's journey and the characters in Sergio Leone's 1967 masterpiece *The Good, The Bad, and The Ugly*—my favorite film—as they navigate an unforgiving landscape where every choice carries weight, adding stress and risking costly missteps with alliances that too often fall short of their promises.

Approaching a decade in business as a co-founder, I've guided my company through the

highs and lows of launching our SaaS offering and witnessed first-hand how these themes play out in the business world. Over the years, we've partnered with clients, vendors, and consulting firms who initially promised world-changing collaborations, only for those partnerships to fizzle out and end in failure or worse, mediocrity. While every failure offers valuable lessons, it also drains resources, morale, and countless hours of recovery as you regroup, re-strategize, and strive to avoid making the same mistakes twice.

In our experience, underestimating the added challenge of entering emerging markets, where roadmaps and guides are often non-

existent, can be overwhelming. In uncharted waters, you're left to make critical, navigational decisions with little support, learning as you go. The weight of each decision, along with its consequences, rests entirely on you. The difference between high quality and mediocrity often comes down to your ability to carve out extra time each day to document and absorb these lessons, all while lacking the luxury of seasoned advisors or a clear path.

In this light, Leone's masterpiece *The Good, The Bad, and The Ugly* is more than just a spaghetti western for entertainment—it offers lessons that deeply resonate in business. In the film, trust is scarce, focus is essential, and success requires navigating moral gray areas while bearing the burdens of solitude and uncertainty. The strategic alliances born of necessity, the importance of playing the long game, and the reality of unreliable partnerships reflect the same struggles we've faced growing our business. Timing, risk management, and navigating uncertainty aren't just scenes in a Western; they are the foundations of survival for any entrepreneur in a competitive market.

In this article, we explore the lessons embodied by each of the film's protagonists—Blondie (the Good), Angel Eyes (the Bad), and Tuco (the Ugly)—three opportunists on a gold search, set against the backdrop of the U.S. Civil War. We'll uncover insights that every business leader can apply today, whether

dealing with unreliable partnerships, client relationships gone sour, or finding the strength to stand alone in the face of uncertainty.

### **Blondie: Strategy, Patience, and Long-Term Vision**

Blondie, the 'Good' is the epitome of patience and long-term strategy. He never rushes into a situation, always thinking several steps ahead and carefully assessing his surroundings before making a move. Blondie's ability to keep his cool and play the long game is what ultimately sets him apart from his rivals—and it's a lesson that applies directly to business. In the chaotic world of entrepreneurship, where uncertainty and shifting circumstances are the norm, it's not enough to act impulsively. Success comes from having a clear vision and staying committed to it, no matter how slow or challenging the process might be.

In our nine years of business, we've learned that strategy is critical—and it can't be a one-time conversation. Just as Blondie continually reassesses his next move, we've found that strategy must be constantly reviewed, communicated, refined, and re-aligned at every level of the organization. Whether it's market changes, unexpected client demands, or shifts in technology, the ability to remain focused on the long-term while adapting to immediate challenges has been key to our survival and growth.



Patience, coupled with a clear, flexible strategy, has helped us navigate the ups and downs, ensuring that we stay on course even when the path is difficult.

Although we've had to pivot many times over the years, our core value proposition has remained constant from day one. It's through feedback and engagement from our customers, as well as our interactions in the marketplace, that we've made small but important adjustments to our offering. These refinements have kept us aligned with our customers' needs without straying from our strategic vision. We've seen many businesses rise and fall around us, often because their founders lacked the strategic vision or the patience to stay the course. Quick wins can be enticing, but those who jump from one shiny new opportunity to another without a long-term view tend to lose sight of their mission—and eventually, they falter.

The lesson from *Blondie* is clear: stick to your strategy, even when circumstances challenge you to waver. Pivot where necessary, but let your vision be the anchor that guides all decisions. In a world where entrepreneurship is often a test of endurance as much as creativity, patience and persistence are as important as innovation and agility.

#### **Angel Eyes: Shameless, Cutthroat Opportunism**

Angel Eyes, 'The Bad', is the embodiment of ruthless opportunism—someone who will stop at nothing to achieve his goals, switching allegiances and morals based on who can pay him the most. His actions throughout the film

“The ugly side of entrepreneurship is not always a lack of integrity (...)

reveal a willingness to betray, manipulate, and exploit any situation to his advantage. He is the stereotype of the cold, cutthroat competitor, willing to play dirty in order to get ahead.

In the business world, Angel Eyes is a character we encounter more often than we care to admit. He represents the type of competitor who has no qualms about using underhanded tactics to secure their position. Just as Angel Eyes will flip allegiances based on the highest bidder, many in business are willing to change sides for the right price—whether by shifting loyalty to a new partner, client, or undercutting a previous commitment in pursuit of greater rewards. As entrepreneurs, it's crucial to recognize these behaviours and stay alert. Over the years, we've seen relationships shift in the blink of an eye—one day a promising partner or client, the next an unreliable player pivoting to serve their own agenda. These sudden shifts can be jarring, leaving us questioning not only the stability of our business relationships but also the integrity of those we work with.

Successful entrepreneurs need to stay vigilant against individuals like Angel Eyes—those who may appear trustworthy one moment but are ready to switch sides the next without explanation. It's essential to protect your business and intellectual property, but also to develop a keen sense of who you can truly rely on. The lesson is clear:

being alert, setting boundaries reinforced with documented processes and policies, and managing relationships with care can help you navigate the treacherous waters of business competition.

### **Tuco: The Cost of Ambition and the Struggle for Redemption**

Tuco, 'The Ugly', is a complex character, shaped by the harsh circumstances of being cast out by his family when he turned to crime as a way to escape poverty. While his actions throughout the film reflect greed and self-preservation, there are moments when a deep kindness, lost long ago, surfaces. Despite choosing a life of crime to survive, Tuco is not inherently evil; his actions are the result of the hardships he has endured as a 'sole proprietor' in a world that is cold, brutal, and stacked against him. This inner conflict—between his desire to do good and the harsh reality of his life choices—mirrors the struggle many entrepreneurs face: the relentless pursuit of success at the cost of personal relationships and moral compromises.

In the business world, this relentless drive to build an empire often forces individuals to make difficult, and sometimes regrettable, decisions. Entrepreneurs, like Tuco, may find themselves in situations where they must choose between their moral compass and the demands of success. Over time, the pressures of competition, financial strain, and the need for survival can lead to strained relationships with friends, family, and colleagues.

The ugly side of entrepreneurship is not always a lack of integrity; it's the toll that an obsession with success can take on our personal lives. Tuco's story serves as a powerful reminder that, while striving for greatness, we must not lose sight of our humanity. His moments of mercy show that, even in the toughest circumstances, there is always a chance for redemption—a valuable lesson for entrepreneurs navigating the treacherous waters of business and relationships.

In my first year as an entrepreneur, someone once told me, "Don't become an asshole." At the time, I found it comical, but over the years, I've come to understand the deeper meaning behind that advice. I've learned that there's a difference between textbook business intelligence and street smarts, and I often advise younger entrepreneurs to be prepared for disappointment, broken relationships, and hard lessons while building their empire. Unfortunately, this is part of the price of success.

### **The Duality of the Entrepreneurial Journey**

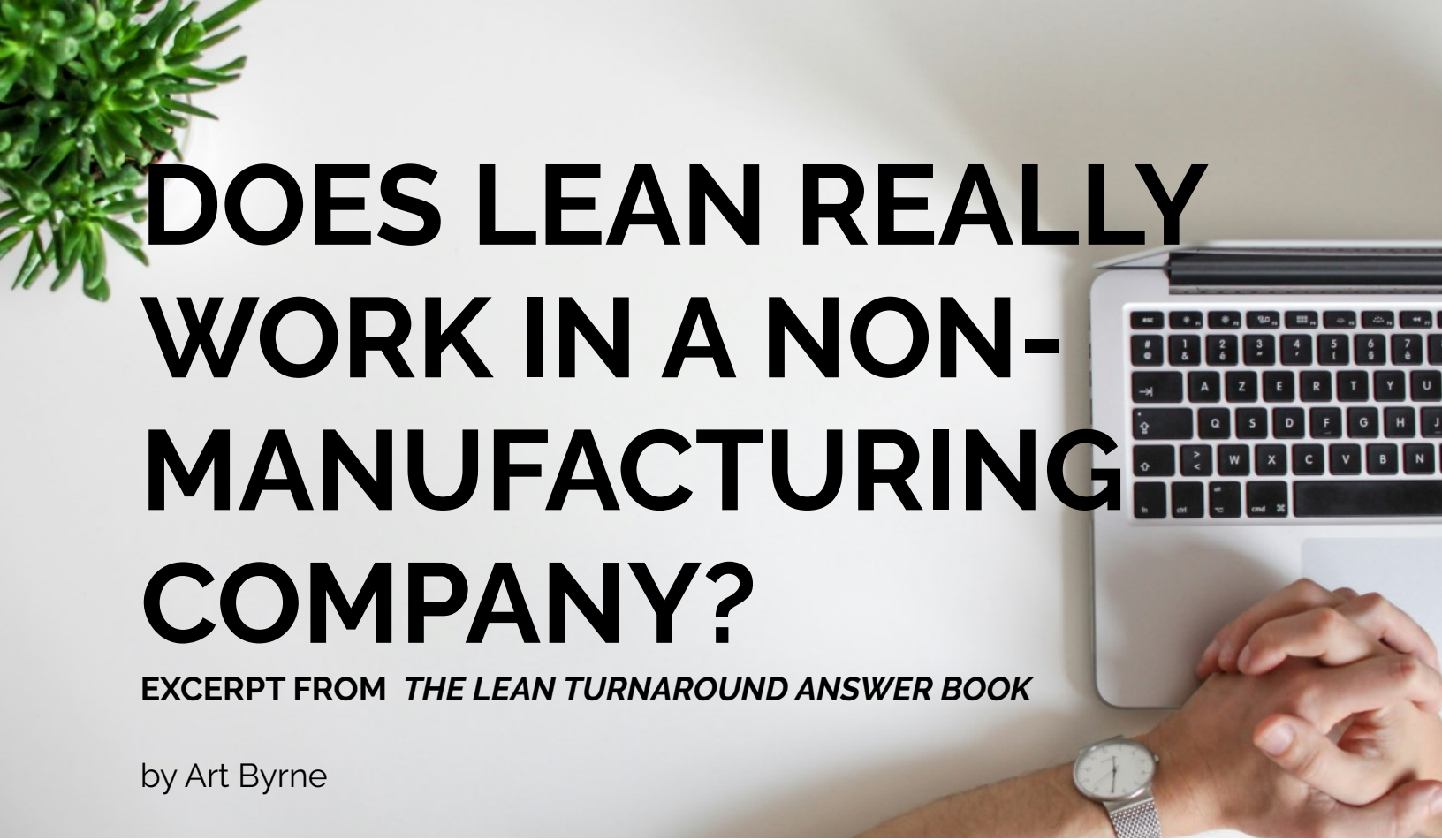
As we look at the three characters—Blondie, Angel Eyes, and Tuco—each embodying different aspects of the entrepreneurial journey, it's clear that success in business is rarely straightforward. Blondie reminds us of the importance of strategy, patience, and vision; Angel Eyes shows the darker side of ambition and the moral compromises we may face along the way; and Tuco reveals the

emotional toll that the relentless pursuit of success can take on our personal relationships and sense of self.

Entrepreneurship is often about balancing these competing forces: long-term goals versus short-term gains, integrity versus ambition, personal happiness versus professional success. What we learn from these characters is that it's essential to keep sight of our humanity, maintain our moral compass, and recognize that while success is important, the journey—how we navigate challenges, treat others, and preserve meaningful relationships—is just as critical.

As we continue to build our businesses, let us be mindful of the lessons these iconic characters impart. Striving for greatness is a noble pursuit, but we must never forget the importance of staying true to ourselves, treating others with respect, and recognizing that redemption is always possible—even in the face of difficult choices.

The road to success may be long, winding, and filled with obstacles, but in the end, it's not just about the empire we build—it's about the person we become along the way. ■



# DOES LEAN REALLY WORK IN A NON-MANUFACTURING COMPANY?

EXCERPT FROM *THE LEAN TURNAROUND ANSWER BOOK*

by Art Byrne

Well, let's start with the good news. In my experience, non-manufacturing companies gain much more from lean than manufacturing companies do. I can't give you any scientific proof, but I have participated in lean turnarounds in hospitals and service companies and have always found the waste to be much bigger in these types of organizations. In some ways, there is more opportunity: manufacturing companies are constantly looking for ways to become more efficient, while the focus in non-manufacturing companies is oftentimes in other areas like new products or services. They don't prioritize eliminating waste as a starting point and have

more room to run in this regard. In addition, while it is easy to see the work and identify the problems on the manufacturing floor, an office environment can be trickier when it comes to following the actual work that is taking place. Both types of companies share something in common: they are nothing more than a group of people and a bunch of processes trying to deliver value to a set of customers. And lean principles apply to each. To become lean, every company must focus on removing the waste in its current processes to deliver more value to the customers. Every company or organization wants to be able to compete on its operational excellence, and removing the

waste enables it to gain market share by competing on speed. Think of a bank that can turn around a loan application for a car or house in one to two days while the competition takes three to four weeks; or an insurance company that can underwrite a new policy in five days when the competition takes 40–50 days. All companies need to understand that lean is all about people. You are trying to transform the people—who are the only asset you have that can appreciate over time. It's management's responsibility to make sure this happens.

Easy to say, but how do you do it? Once again, the approach for manufacturing and non-manufacturing companies is the same. Start with a simple strategy that states the objective and defines the stretch goals that you think will define operational excellence for you—things like customer service, quality, productivity, lead time, visual control, etc. These all need to be aspirational in nature and not just some small increment from your current state. You probably also need a growth objective like “double in size every three to four years.” Shoot for goals that once achieved will totally change the nature of your organization and its ability to compete. If the reaction to these goals is “you must be kidding, how will we ever do that,” then you are on the right track. Next, establish a value stream organizational structure and deploy these operational excellence goals down to the value stream leaders. Have them report weekly on their progress toward these goals. This will get everyone in the organization working on a simple set of objectives that

once achieved will set the company apart. Then, teach your people how to see and remove the waste. Some brief upfront training on lean fundamentals will help, but don't overdo it. The real learning comes from participating on kaizen teams and achieving big gains in a short time frame (one week is normal). Make sure the kaizen teams have a mix of salaried and hourly employees; and if everyone is salaried, make sure there is a good mix of the value adders and the managers on a team. It is especially important to have senior management on five to six full-week kaizen teams per year so they can start to see and understand the amount of waste that exists. You will get many gains, but more importantly, there will be lots of learning. You want to become a learning company with a kaizen culture.

So where to begin? It will depend on the type of non-manufacturing company, of course, but start with your biggest and most important process. For an insurance company, it may be underwriting. For a bank, it could be processing loan applications or maybe a back-office process where the bulk of your employees are. A hospital may want to attack the process, or lack of a process, to improve bed turnover and patient outcomes, while a distributor may want to focus on inventory turnover and ease of service. The next step is to lay out the process elements step by step, including very minor ones like “move to the next step on the third floor.” Use value stream mapping to give you a picture of not only the steps but the time it takes for each, as well as any waiting time.

Any process can be broken down into three elements: value adding, non-value adding but necessary (perhaps complying with some state or federal regulation), or waste. In a 35-step process, it is not uncommon to find that there are only five or six steps that add value.

The value stream mapping will help you see this and remove the waste and of course greatly shorten the time that it takes to complete the task. Once you have the value stream map laid out, go out on the floor and observe the work as it occurs. Has the kaizen team timed the actual work step by step, including the time it takes to move it and the time it spends waiting? This should open your eyes. But to actually remove the waste, you will have to improve the flow. And this might be a problem for you at first. For example, let's say we are processing a loan application for a bank and the work takes seven different people on four different floors in five different departments. Each department is made up of so-called experts in whatever step they are responsible for. It takes three weeks for the loan application on average to get through all the steps. Each department is its own fiefdom and will fight fiercely to keep the structure as it is. What to do? Well, say you take the seven experts and just sit them around a big table.

When the first mail delivery arrives at 8:30 a.m., you dump the loan applications next to the person at step one, and after he or she completes the work, step one passes the application to the person right next to him/her in step two, and so on till the application is completed. It will probably only take a few minutes for each application now vs. the

former three weeks. If there is a second mail delivery at, say, 12:30, the team can then process those in the same way. Suddenly, the three-week lead time is down to one day. You want to become a learning company with a kaizen culture.

Once you have improved the biggest process, then go on to the next one and keep going. Run lots of kaizen teams. Get everyone on a team as soon as possible. Break down the fiefdoms and let the work flow. You will be amazed at both the gains and how good everyone feels about making the improvements and making their work easier. You may find a little resistance at first. For whatever reason, I have found employees and management in non-manufacturing companies to be much more resistant to change, even small changes, than in manufacturing companies. You may have to show a little patience, but the gains will be so big they should overwhelm most resistance. For example, our loan processing example above where the time dropped from three weeks to one day is a little hard to ignore in terms of the competitive advantage it delivers, not to mention the cost reduction.

So, get out there, be bold, and you won't be disappointed. ■

# IS YOUR PROCESS READY FOR A DISRUPTION?

by Jared Thatcher

In today's fast-paced world, disruptions are inevitable—whether it's supply chain issues, unexpected equipment failures, cyber-attacks, or a global pandemic (too soon?), we can, and should consider potential risks to our processes. Not having a risk mitigation strategy in place when these disruptions occur can have significant consequences. Without proper contingencies, we might experience prolonged downtime, increased costs, or even a loss of customer trust. Planning for such events is not just about reacting when things go wrong—it's about being proactive and prepared. Just a little bit of effort now, can pay out huge dividends in the long run.

## **Lean Tools Can Help You Mitigate Risks**

So, what can you do to prepare for the unexpected? Keep in mind that unexpected does not equal unforeseeable. Experience and common sense can help you assess the likelihood of a disruption impacting your process. Luckily, Lean principles and tools coupled with other business tools offer practical frameworks that can help your team plan for potential risks and ensure resilience in the face of disruptions. Here are some effective approaches that can help you prepare for the unexpected:

### **RISK IDENTIFICATION & THE RISK REGISTER:**

This is a great brainstorming activity. Get the

team together and think of all the things that could go wrong. Think of this as a séance where you are channeling Murphy's Law to help you. These could include past experiences, worst-case scenarios, or simple things like too many people out sick, or a machine breaks down. Don't discount anything. Capture it all. After you have a good list (virtual or physical sticky notes tend to work best), affinitize them into categories. Now you have a list which in project management terms is known as a Risk Register. The format is straightforward: assign each risk a number, provide a brief description, specify the person responsible for implementing the solution, and outline the mitigation plan.

While working at Alaska Airlines on a critical improvement plan with no margin for error, I drew on my project management experience to create a Risk Register with action plans as a precaution. When Murphy's Law struck and challenges arose, I was able to pull out the Risk Register and show leadership a pre-approved countermeasure that was ready for immediate implementation. This preparation

enabled us to address issues swiftly, avoid delays, and successfully deliver the project on time.

It's interesting to note that while I was developing the Risk Register, my VP questioned whether it was a valuable use of my time. However, after its swift and effective implementation during this crisis, she acknowledged that the preparation had not only saved us significant time, but it had also prevented losses amounting to hundreds of thousands of dollars. If you're not currently accounting for potential risks, challenges, failures, and disruptions to your processes and systems, then you might find yourself constantly putting out fires.

**PROBABILITY & IMPACT MATRIX:** We are all looking to eliminate the waste of putting out fires by getting to the root cause, but how do we proactively stop the fires before they ignite? The answer is to take the time to prioritize those risks we identified and placed in our risk register by using a probability and impact matrix. Companies like Toyota use a

LIKELIHOOD	CONSEQUENCES				
	INSIGNIFICANT <i>Risk is easily mitigated by normal day to day process</i>	MINOR <i>Delays up to 10% of schedule, additional cost up to 10% of budget, and minor impact to quality or reputation</i>	MODERATE <i>Delays up to 30% of schedule, additional cost up to 30% of budget and a moderate impact to quality or reputation</i>	MAJOR <i>Delays up to 50% of schedule, additional cost up to 50% of budget, and major impact to quality or reputation</i>	CATASTROPHIC <i>Project abandoned, reputation destroyed</i>
<b>CERTAIN</b> <i>&gt;90% Chance</i>	High	High	Extreme	Extreme	Extreme
<b>LIKELY</b> <i>50% - 90% Chance</i>	Moderate	High	High	Extreme	Extreme
<b>MODERATE</b> <i>10% - 50% Chance</i>	Low	Moderate	High	Extreme	Extreme
<b>UNLIKELY</b> <i>3% - 10% Chance</i>	Low	Low	Moderate	High	Extreme
<b>RARE</b> <i>&lt;3% Chance</i>	Low	Low	Moderate	High	High

Image1: Probability and Impact Matrix



“If you’re not currently accounting for potential risks, challenges, failures, and disruptions to your processes and systems, then you might find yourself constantly putting out fires.

form of this matrix in both their risk management and Lean initiatives. By understanding and prioritizing risks effectively, you can develop and implement mitigation strategies proactively, reducing the likelihood and impact of disruptions. The goal is continuous improvement and resilience through being prepared.

**FMEA (Failure Modes and Effects Analysis):**

FMEA is a structured approach to identifying potential failure points in a process before they occur. First developed during WWII by the US military to improve reliability in a complex system it is similar to a Risk Matrix which assesses the probability of the risk occurring against the severity of the impact if it happens. The FMEA tool can provide similar clarity for taking preemptive action. By systematically analyzing possible failure point risks and their impact, teams can develop a scoring formula to prioritize where to focus their efforts to proactively prevent or mitigate the impacts of potential issues. This tool is especially useful for preparing for disruptions by helping teams to think critically about what could go wrong and how to mitigate those risks in advance.

While working in the Business Excellence department at Daimler Trucks North America, the IT department faced a recurring issue: they couldn’t secure budget approval for critical system upgrades. Leadership didn’t understand the risks, and IT struggled to convey the impacts and urgency. They asked me for help in solving this problem. I suggested using a modified FMEA tool to help evaluate the likelihood and impact of system failures, while also incorporating the financial implications into our analysis.

We assessed each IT system, estimating downtime duration and associated costs, such as plant shutdowns, lost sales from phone outages, corporate loss of productivity, and consultant fees. By partnering with the controlling department, we quantified these costs for leadership buy-in and compared the price of proactive upgrades versus potential failure scenarios. This data-driven approach prioritized the most critical systems and effectively communicated the financial risk to leadership, which secured for IT the budget they needed to begin the much-needed updates.

**SCENARIO PLANNING:** This tool is less focused on the specific points of failures, but rather focuses on larger macro-level events that could impact the entire value stream. Scenario Planning gained prominence after Royal Dutch Shell used it to rise from the eighth-largest oil company to one of the top three oil companies during the 1973 OPEC oil embargo. Developed in the late 1960s by one of their planners and economists, Pierre Wack. This tool involved creating narrative scenarios for potential disruptions, including the then-unlikely possibility of Arab nations uniting to restrict oil supplies, and then they developed a detailed strategic plan on how to react. When this scenario became a reality, Shell's pre-planned strategy allowed them to respond within weeks, while competitors took nearly a year to react. This foresight gave Shell a competitive advantage and solidified their position as an industry leader. This strategic tool has helped them to maintain

that position, and today they are the largest oil company in the world.

Morgan Stanley is another standout example of effective scenario planning. After the failed 1993 World Trade Center bombing, Rick Rescorla, the company's Vice President of Security, used scenario planning to anticipate future attacks, including planes crashing into the towers. He developed and regularly drilled evacuation procedures based on these scenarios. On 9/11, his preparation saved 2,700 employees. Tragically, Mr. Rescorla lost his life while re-entering the building to assist others. As you can see, dreaming up worst case scenarios and pre-planning responses, can save you precious time in being able to proactively react versus being stuck in a reactionary state losing time trying to decide what course of action to take.

**PDCA (Plan-Do-Check-Act):** PDCA is the core Lean framework for continuous process improvement that allows teams to experiment and learn from their processes in real-time. In the context of risk mitigation, PDCA can be used to create and test contingency plans. By planning a course of action for potential risks (Plan), implementing small-scale tests (Do), analyzing the results (Check), and making adjustments (Act), teams can develop robust strategies for handling disruptions. Much like we practice fire drills in school or at work, we want to be prepared and know how to respond when and if the time ever comes.

## **Are You Preparing for Potential Disruptions?**

Disruptions are inevitable, but their impact doesn't have to derail your operations. If proactive risk identification and mitigation aren't already part of your improvement process, now is the time to start. Tools like Risk Registers, Probability & Impact Matrices, FMEA, Scenario Planning, and PDCA can help you anticipate potential challenges and develop effective strategies to address them. By safeguarding your processes and building resilience across your operations and value stream, you can ensure your organization remains agile, competitive, and prepared for whatever comes its way. Proactive preparation is the key to staying ahead of disruptions and maintaining long-term success. ■

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# DON'T REPLACE PROBLEM SOLVING WITH AI

by Jamie Flinchbaugh



Often people are looking at AI as a faster way to get to an outcome, such as a solution to a problem. There are several challenges with this. First, problem solving isn't one skill but an assembly of many skills and steps, and asking AI to replace it in one step will make it a victim of the same mistakes humans make when jumping to solutions. These capabilities, such as shaping the problem and deeply understanding cause and effect, I explore in [People Solve Problems](#). Second, if problem solving is a learning activity, you can't get any learning when it all happens within a black box. Third, it fundamentally isn't using logic or creativity, and you are severely limiting

yourself to the most median of solutions and thinking within the process. That doesn't mean AI can't be helpful to your problem solving process.

It means that Artificial Intelligence should be treated like a team member on a problem solving team rather than a replacement of your ownership of the problem. Think of all the questions you might ask a team while working on problem solving. Those are the same questions you can ask of AI. The term that I've found really useful when thinking about this type of AI use is co-intelligence (borrowed from the [book by Ethan Mollick](#)), as it is being

used in cooperation with your own intelligence.

Almost every problem solving methodology highly values showing your work in carefully laid out steps. While I think we are sometimes too dogmatic about how we follow those steps, there is tremendous value in breaking it down and showing your work. This is because problem solving is an act of learning and discovery, and both the key insights and the mistakes are seen in the path followed as opposed to just the outcomes. Instead of using AI to jump to solutions, which is the mistake we're trying to avoid as humans, we should use it as a co-intelligence along the steps of problem solving.

As a demonstration of this, let's imagine you want to reduce rework in your product development process. If I ask [Claude](#) (or ChatGPT, or whatever tool you prefer) "how should I reduce rework in my product development process?" I will get some very broad and fundamentally obvious solutions. In my quick test, recognizing that the prompt could be designed much better, I received solutions such as improving requirements gathering, enhancing communication, implementing iterative development, conducting thorough testing, and utilizing prototyping. All of these are sound suggestions that we should probably already be trying to do, and it comes back written clearly and authoritatively, often giving the user a false confidence that they have found the answer. But these broad and generic solutions are simply good ideas that may be completely disconnected from your problem.

Instead, we can use AI as a co-intelligence along steps of problem solving to sharpen and refine our own work. Let's start with the vitally important problem statement. I might start with describing the situation building up to a problem statement:

*"We have rework loops in our product development process that can add full design iterations, and almost always one iteration, to our full development time. This is causing us to miss deadlines and increases our spending. It also increases frustration within the team. What questions should I answer before I define a problem statement?"*

You may notice that this turns your AI co-intelligence into your problem solving coach. It may not be as insightful as a problem solving coach with expertise in product development, but that isn't always available. Here are some of the questions it asked me:

1. What specific stages of the PD process are most affected by the rework loops?
2. How frequently do these rework loops occur?
3. What are the main causes of these rework loops? (you may notice this is the absolute wrong time to ask this question, which illustrates my thesis that AI can't replace your ownership of the path forward)
4. How much additional time and cost do these rework loops typically add to a project."
5. Which team members or departments are most impacted by the rework?

Followed by 7 more questions. Some questions are more useful than others but

“Instead of using AI to jump to solutions, (...) we should use it as a co-intelligence along the steps of problem solving.

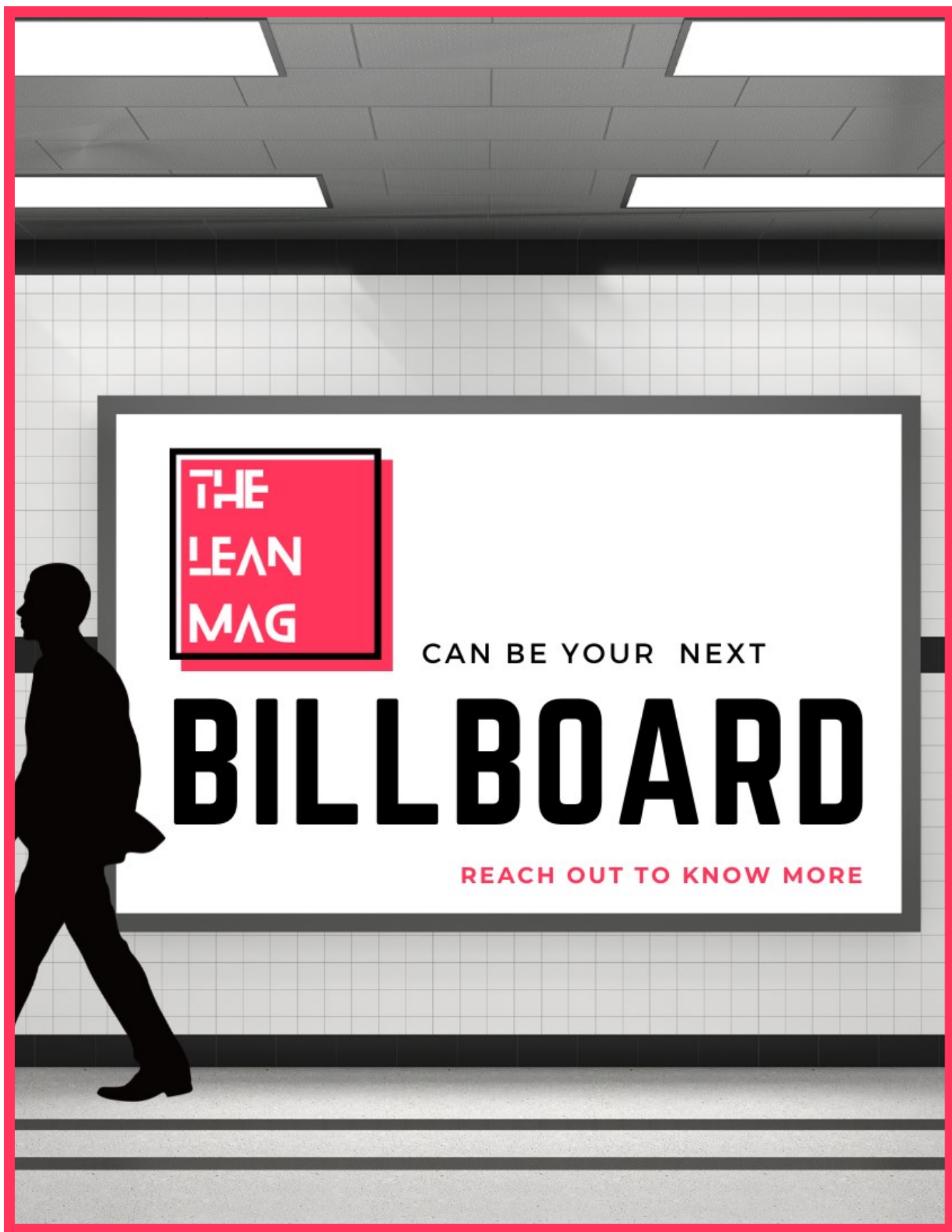
they are there. Like any good coach, asking these questions can help ensure that we don't get hooked into too narrow a focus too early.

Next I can answer those questions which give me lots of context, and it sets up my thinking to generate a good problem statement. The problem statement is critically important as it frames all the work that will follow. As John Dewey declared, "a problem well defined is a problem half solved." You should take ownership over what good problem statements look like. If you have company standards for problem solving, you can take the criteria for a good problem statement and make it available to people as a cut-and-paste prompt. Here's an example:

*"Take all of the information I've provided above and generate 7 different problem statement suggestions. A problem statement should be clear and concise. It should define a gap, with numbers if possible, between the current performance and the standard or expected performance. It should avoid any assumptions about the cause or suggestions of solutions."*

The AI tool will now provide us several problem statements to choose from, or more likely, to tweak and refine to the problem statement that you finally decide on.

While this might seem like extra work rather than a faster path to just write the problem statement, you are correct. That's actually the point. Problem solving needs to be deliberate, rigorous, and iterative. Acting as a co-intelligence rather than a human replacement AI can be more like a team member, a coach, or a thought-partner. ■







# FROM OBSERVATION TO INSIGHT: AMPLIFYING GEMBA WALKS

by Cynthia J. Young

Operational excellence is a necessity for a successful business. One of the most effective ways to achieve continuous improvement is through Gemba walks. During these walks, observers go to the Gemba, or the place where the work is actually done or "the real place,"<sup>1</sup> to observe processes and uncover opportunities for improvement as opposed to how a written process or Standard Operating Procedure (SOP) says it is supposed to be done. Gemba walks offer valuable insights, their effectiveness can be increased by integrating knowledge mapping into the process. Knowledge maps can transform Gemba walks from basic observation sessions

into deeply insightful opportunities for documenting identified gaps, employees activities, and operations, while providing a picture suitable to support continuous improvement and knowledge sharing.

## **What is Knowledge Mapping?**

A knowledge map is a visual representation of the knowledge assets within an organization, including information flows, location of expertise including who holds the knowledge, levels of knowledge, and knowledge gaps. It shows who knows what, where information resides, and how it's shared across teams and departments to eliminate silos.

Knowledge maps are valuable for identifying

knowledge silos and areas where critical information is either missing or underutilized while helping both observers and the personnel doing the work to better understand what they are looking at, doing, and finding methods of support the Gemba improve the processes being observed.

Overall, knowledge mapping helps organizations visualize the flow of knowledge, making it easier for leaders to understand how processes are supported by knowledge and where inefficiencies or bottlenecks may exist. For employees, knowledge maps provide a clear view of where to access necessary information, enabling them to perform tasks more effectively. Additionally, knowledge maps can provide support for revisions of SOPs and processes when personnel change out so that corporate knowledge is retained.

### **The Importance of Gemba Walks in Continuous Improvement**

By going to the place where the work is done and value is created, whether it's the manufacturing floor or shop, a service desk, or an office, leaders can directly observe how work is done, interact with employees, and identify areas that may be improvement opportunities. The objective of Gemba walks is not to critique or micromanage but to understand work processes from the perspective of those performing the tasks.

Gemba walks help leaders get face-to-face information about inefficiencies, process gaps, and opportunities for innovation while

encouraging knowledge sharing in a non-attributional environment. However, because Gemba walks provide observational insights, they can be limited by a lack of observer knowledge and understanding prior to the walk. The observer may not know if what they are seeing is good or bad. It just is. This is where knowledge mapping can make a significant and helpful difference.

### **Using Knowledge Mapping in Support of Gemba Walk**

Integrating knowledge maps into the Gemba walk process provides structure and context that goes beyond surface-level observations preparing the observer for what they may see and to equip them with the knowledge of what they are going to observe. Here are ways that knowledge mapping can transform Gemba walks into a more powerful tool for continuous improvement:

#### 1. Identifying Knowledge Gaps During Gemba Walks

During a typical Gemba walk, leaders may notice inefficiencies, but without the proper knowledge framework, it can be difficult to determine why certain processes are falling short. A knowledge map provides a visual guide that shows how knowledge is distributed across teams and processes and where the knowledge is located whether it's explicitly written or if it's with specific individuals and their experiences. Leaders can use this map to pinpoint areas where knowledge is missing, incomplete, or not being effectively utilized.

For example, during a Gemba walk on a manufacturing floor, a leader might observe a delay in production. By referencing a knowledge map, they could identify that the delay is due to a lack of technical expertise in a certain area or outdated information being used by employees. In this, the Gemba walk combined with the knowledge map can support storytelling through the picture created.<sup>2</sup> This allows the leader to address not just the surface problem, but the underlying knowledge gap causing the issue.

## 2. Enhancing Collaboration and Cross-Functional Communication

Some goals of Lean management are to eliminate silos and improve cross-functional communication. Knowledge maps highlight where knowledge resides and how it flows, or fails to flow, between different units, divisions, or departments throughout an organization. This becomes particularly useful during Gemba walks, where leaders can see firsthand how communication breakdowns affect work processes and required outcomes.

In healthcare, knowledge management supports medical research, visibility of patient's decisions, and support collaboration of physicians and healthcare providers.<sup>3</sup> If a Gemba walk occurred in a large hospital where different departments handle patient information, a knowledge map could reveal that patient data is not being shared between the admissions team and the clinical staff, leading to delays in patient care. By using the knowledge map as a reference, the leader

can facilitate a discussion on improving data-sharing practices, thus fostering better collaboration between teams.

## 3. Determining Innovation Opportunities

Continuous improvement isn't just about fixing what's perceived as broken. Continuous improvement is also about finding new ways to innovate. Knowledge mapping enables leaders to find areas where expertise and insights can be leveraged for innovation. By visualizing the distribution of knowledge, leaders can see where areas of expertise are underutilized and explore ways to tap into that potential.

During a software company Gemba walk, a team lead may notice that certain teams are not collaborating despite having complementary expertise. A knowledge map could reveal that teams have a shared understanding of software user experience where one team's strength is understanding the software engineering design process, while the other team's strength is understanding how a process sprint works. By connecting these teams, the leader can provide opportunities to innovate while driving the development of more user-friendly products and stay on track with updates and releases.

## 4. Tracking Continuous Improvement Over Time

One of the challenges with Gemba walks is tracking progress over time, especially if the Gemba teams shift all of the regular

who take part in the walk.

While it's good to keep consistent personnel on a team, it's also a risk since there may be no outside points of view when participating in the Gemba walks. The new person may focus on watching the process and may not understand all of the intricacies such as tools, responsibilities, or know questions to ask. Knowledge maps provide a baseline for seeing and understanding the current state of knowledge distribution within an organization. As leaders conduct Gemba walks and implement improvements, or trade out personnel who walk, the knowledge map can be updated to reflect changes in knowledge flow and expertise.

The updates to the knowledge maps allow leaders to measure the impact of their improvements and adjust their strategies accordingly. For example, after addressing a knowledge gap during a Gemba walk, the leader can revisit the knowledge map to see if the gap has been filled and if the related process has improved. This creates a continuous feedback loop that supports ongoing improvement efforts.

#### 5. Aligning Knowledge with Strategic Goals

Knowledge mapping during Gemba walks ensures that operational improvements align with broader strategic goals. By mapping out where critical knowledge is located and how it supports key business objectives, leaders can ensure that the improvements identified during Gemba walks are in line with the company's overall vision. Knowledge maps

can also be used as documentation to update some of the process write-ups post-Gemba.

For example, a company focused on reducing production waste might use a knowledge map to track the expertise of employees in Lean manufacturing principles. During a Gemba walk, the leader can identify areas where additional training or knowledge-sharing is needed to support the company's waste-reduction goals. This ensures that every improvement made during the Gemba walk has a direct impact on achieving the organization's strategic objectives.

#### **Removing the Mystery of Creating Knowledge Maps**

To maximize the benefits of knowledge mapping and map efficiently, use this step-by-step guide<sup>4</sup> to create effective knowledge maps.

*Step 1:* Choose to write the knowledge map by hand, using sticky notes, or using an electronic program.

*Step 2:* Select what you want to map and label it at the top of the map. This example will show how to great a basic room chart that can be used as an onboarding tool for a new hire.

*Step 3:* Identify the various areas in the office to include cubicles, offices, and tables. You can adapt this for a manufacturing or shop floor as well.

*Step 4:* Label each area with the employee names and the roles including both assigned and collateral

*Step 5:* Interview each person for their years

“Knowledge mapping during Gemba walks ensures that operational improvements align with broader strategic goals.

with the company and area of expertise as well as what they do and whom they report to. You can transition this map to another style such as an organizational chart or multiple organizational charts if the room has multiple teams in the same office space.

*Step 6:* Socialize the map with your team to make sure it is understood as you intended it to be or to get updated knowledge for the map.

*Step 7:* Update the map as needed to introduce new hires to everyone so they can learn names and know who to go to with specific questions to gain specific knowledge.

Treat the map like you would any other organizational document. Assign a review timeline, label it according to organization requirement to support findability and future use, put a date of the last revision, and assign it to a person or role as the lead for updating the map. You do not put every detail that is known on a knowledge map since you may lose the objective of the map in all the diagramming and text.

### **Conclusion**

Integrating knowledge mapping into Gemba walks helps convert observations from surface-level insights to actionable strategies for continuous improvement. By visualizing the flow of expertise, knowledge maps help leaders identify potential wastes and gaps, enhance collaboration, and align improvements with strategic goals. With knowledge maps as part of Gemba walks, organizations can turn everyday observations into enduring progress, providing a way-ahead for innovation and operational excellence. ■



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