Interpreting and Acting on LESAT Results

Cory R. A. Hallam
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Presentation Overview

• Introduction to study
• Enterprise using LESAT
  • Successful
  • Unsuccessful
• Observations of LESAT-driven actions
• Analyzing the assessment results
• 3 Categories of lean transformation management
• Linking enterprise strategies to Lean improvement
Introduction to Study

• Study 30 LESAT users (10 part of Beta Test)
• Post-assessment interviews/visits
  • What data to consider for improvement
  • How to present the data to others (Examples in Facilitator’s Guide, pp.140-149)
  • Creating LESAT-driven action plans
• Develop an understanding of how LESAT is perceived to be a part of management’s goals of continuous improvement
Classes of Enterprise Using LESAT

• Successful
  • Business unit
  • Division
  • Program (although not originally intended for this)
  • Site
  • Generally Profit and Loss (P&L) accountable organizations

• Unsuccessful
  • Support functions as enterprises (should not be used here)
    • Tool not intended for this
    • No clear understanding of which customer and product/service to focus on (internal functional customer or external end customer)
  • But Section I of LESAT was felt to be applicable
Acting On Results
What was Bad...

• Performed assessment, no action

• Fixed the assessment results to look better to upper management

• Arbitrarily mandated 1 point improvement across the board in 1 year (no strategic imperative or understanding of complexity associated with change)
Acting On Results
What was Good...

• Addressed practices with lowest maturity
• Addressed practices with largest maturity variability
• Addressed lowest maturity in leadership section first according to the TTL
• Cross-referenced lowest maturity practices to business strategy
• Integrated improvement actions into Annual Operating Plans (AOP’s)
• Performed annual LESAT, aimed for continual, incremental increase in maturity
## SECTION 1 - LEAN TRANSFORMATION/LEADERSHIP

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Address Practices with Lowest Maturity

LESAT Practices

LESAT Value

LESAT Practice

Gap
Current State

web.mit.edu/lean
Address Practices with Largest Variability

- Low variability in assessments is an indication of common understanding and enterprise integration

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Address Practices with Largest Variability

**LESAT Variance Analysis of all 52 Practices**

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Address Lowest Maturity in Leadership

LESAT Gap Analysis
of all 52 Practices

LESAT Value

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1
2
3
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5

LEASAT Practice

LESAT Practice

Gap
Current State
Address Lowest Maturity in Leadership

- III.B.1 - Process Standardization
- III.B.2 - Common Tools an Systems
- III.A.1 - Financial System Supports Lean Transformation
- III.A.3 - Promulgate the Learning Organization
- III.B.3 - Variation Reduction
- I.B.4 - A Sense of Urgency
- I.D.3 - Open and Timely Communications
- II.A.4 - Allocate Resources for Program Development Efforts
- II.C.1 - Incorporate Customer Value Into Design of Products and Processes
- I.A.2 - Focus on Customer Value
- I.C.2 - Enterprise Flow
- I.D.5 - Incentive Alignment

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Enterpise Transition to Lean (TTL) Roadmap

- Aim to improve the LESAT Section I variables as a means to improve the section II and III variables
- The TTL is a good guide for the order of improvement activities

**Entry/Re-entry Cycle**
- **I.A** Enterprise Strategic Planning
  - Decision to Pursue Enterprise Transformation
- **I.B** Adopt Lean Paradigm
  - Build Vision
  - Convey Urgency
  - Foster Lean Learning
  - Make the Commitment
  - Obtain Senior Mgmt. Buy-in

**Long Term Cycle**
- **I.C** Focus on the Value Stream
  - Map Value Stream
  - Internalize Vision
  - Set Goals & Metrics
  - Identify & Involve Key Stakeholders
- **I.D** Develop Lean Structure & Behavior
  - Organize for Lean Implementation
  - Identify & Empower Change Agents
  - Align Incentives
  - Adapt Structure & Systems

**Short Term Cycle**
- **I.E** Create & Refine Transformation Plan
  - Identify & Prioritize Activities
  - Commit Resources
  - Provide Education & Training
- **I.F** Implement Lean Initiatives
  - Develop Detailed Plans
  - Implement Lean Activities

**Outcomes on Enterprise Metrics**
- Environmental Corrective Action Indicators
- Detailed Corrective Action Indicators

**I.G** Focus on Continuous Improvement
- Monitor Lean Progress
- Nurture the Process
- Refine the Plan
- Capture & Adopt New Knowledge

**I.H** Develop & Refine Transformation Plan
- Lean Transformation Framework
- Enterprise Level Transformation Plan

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Observed Categories of Lean Transformation Management

• Category 1 - Open Loop Assessment
• Category 2 - Independent Closed-Loop Control
• Category 3 - Integrated Closed-Loop Control
Category 1 - Open Loop Assessment

- Using LESAT
  - Will improve the lean enterprise vocabulary of the participants
  - Will have little or no direct effect on transformation
Category 2 - Independent Closed-Loop Control

- Using LESAT
  - Will have impact on transformation and improvement activities, with uncertain outcomes
  - Can result in competition of objectives (and for resources)
Category 3 - Integrated Closed-Loop Control

- Using LESAT
  - Will result in impact on enterprise transformation with much less uncertainty than first two models
  - Manages competing desires and resources to move the enterprise in an agreed-upon strategic direction
Becoming a Category 3 Enterprise

• Successful category 3 continuous lean improvement requires integrating current assessment results with enterprise strategic needs

• This should be done in light of and in conjunction with other improvement efforts

• This requires a team approach with strong leadership support and commitment that creates the environment for cross-functional and cross-process continuous improvement
Linking LESAT to Strategic Objectives - Completing the Management Control Loop

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Rank Order Increasing Importance in Strategic Objectives

Rank Order Increasing LESAT Practice Maturity

Improvement activities should target cross of lowest maturity practices and highest strategic importance.

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The LAI Toolset as Part of an Integrated Enterprise Continuous Improvement Cycle

Facilitator’s Guide, pp. 27

- External Forces
- Changing Customer Values/Needs
- Strategic Planning
  - Assess Current State
  - Create Future State Vision
  - Prepare the Organization for Change
  - Create/Refine Enterprise Improvement Plan
  - Execute Next Cycle of Plan
- External Inputs, Benchmarking
- Utilize Best Practices
- Assess Current Maturity Level
- Specify Desired Level
- Identify Gaps/Prioritize Actions
- LESAT
- TTL Road Map
- LEM

- Changing Customer Values/Needs
- Strategic Planning
- Assess Current State
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- Execute Next Cycle of Plan
Major Observations on LESAT use to Date

- Transformation is a continuous process that takes years
- LESAT acts as a “sensor” for closed-loop lean enterprise management control
- LESAT users fall into 3 categories of enterprise management
  - 1 - Open Loop
  - 2 - Independent Closed-Loop
  - 3 - Integrated Closed-Loop
- Significant investment of time deemed worthwhile
- Increases understanding of the lean enterprise
- Sustainable transformation successes will likely be closely linked to Category 3 enterprises
Workshop Attendees Should be Able To...

• Extract results of importance from the LESAT Maturity Calculator
  • Lowest maturity
  • Highest variability
  • Largest Gap

• Identify the key enterprise practices that need attention in future improvement efforts

• Think about how to integrate strategic needs of enterprise with assessment potential of the LESAT