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INTRODUCTION

What Problem Are We Solving?

There is no longer any question as to the effectiveness of kaizen. In fact, team-based scientific problem solving is more important today than ever before in building peace and prosperity in our interconnected and rapidly changing world. This book is not intended as an authoritative scientific study on the impact of organizational culture on performance, although the renewal of such study is long overdue. Rather, it is the beginning of a conversation about what it means for organizations to excel sustainably over long periods of time despite the rapid and often drastic changes around us. It is our hypothesis that organizations where we can see evidence of kaizen cultures are the ones that will be able to experience lasting success.

These kaizen cultures are based on putting into action a set of core beliefs, including but not limited to engaging the total workforce, servant leadership, visualization of the real condition of things, respect for people, appreciation for standards, scientific problem solving, alignment of purpose not only with customers but also with broader stakeholders, curiosity, humility, and a view to the long term. The examples we will introduce in this book are such organizations or those on the way to becoming kaizen cultures. We have not encountered, nor have we spent effort in searching for, organizations that succeed over the long term yet possess what we may call anti-kaizen cultures. It is theoretically possible that arrogant, short-term-focused, close-minded, disrespectful-of-people, resisting-change, and self-serving bureaucratic organizations succeed over long periods of time. However, we believe such a result is unlikely in a world where we have choices. Customers have choices, and in an increasingly connected world, customers learn about the toxic cultures of companies and choose to buy from others. People choose not to work for these organizations, and as a result such organizations are starved of talent. Inevitably, even financial institutions and traders decide that there are better places to put their money. Even if an entirely new class
of organizations that possess anti-kaizen cultures and are resistant to customer and market choice were to be found, these would be uninspiring to us—and probably immoral. We are open to being wrong and invite such organizations with anti-kaizen cultures to stand up and provide us with the opportunity to learn what is good from them and change our mind.

In this book we have defined kaizen in its broadest sense as human-centered scientific problem solving and attempt to shed light on its true meaning as a way to dispel common myths about it. We avoid jargon as much as possible, but we continue to use the word kaizen because it has become widely accepted internationally and succinct, and we wish to respect and build on the tradition. Although this book is an heir to the tradition of Masaaki Imai’s book, Kaizen: The Key to Japan’s Competitive Success, which brought the important practice of continual improvement to Western business consciousness, we do not claim that Japanese management is superior to management approaches elsewhere. In fact, we show that the kaizen approach was brought from the United States to Japan in the first half of the twentieth century and matured there despite the challenges posed by Japanese culture before being reintroduced to the West. In the decades that followed the publication of Imai’s book, thousands of organizations worldwide across all sectors studied and applied these practices. Yet, just as Japan’s economic miracle was revealed to be fleeting, very few organizations have found themselves thoroughly and sustainably transformed for the better. We believe that in the very near future, by learning from the past with a focus on kaizen culture, organizations will achieve these things.

There was far more to Japan’s competitive success than kaizen, and there is more to kaizen itself than activation of improvement teams, the launch of total quality management programs, or the collection of improvement suggestions from employees. These things are necessary but not sufficient. Western management has treated each of these like the proverbial silver bullet to kill the monster of poor performance when, in fact, it is the “culture monster” that must be tamed and turned into the ally of excellence. Kaizen was never a silver bullet. A bullet generally can be used only once, whereas kaizen must be a continuous process.

Today there is no shortage of books, videos, case studies, workshops, certifications, benchmark visits, and consultants to aid in the learning and application of kaizen. The vast majority of professionally managed organizations today are aware of the benefits of kaizen or have started various versions
of kaizen efforts under different names, such as operational excellence, lean management, six sigma, lean six sigma, total quality management, or otherwise. Yet very few have sustained the gains they have made, much less built on early success to make human-centered scientific problem solving a sustainable competitive advantage. Total quality management, for example, still vigorously practiced at Toyota and an integral part of the company’s management-development system, is largely forgotten in the West or remembered as a program that failed when it devolved into learning and applying a set of quality tools without embedding those practices deeply within the culture of the organization. Although the names of these business excellence programs have changed and their content has been expanded and updated, their mechanistic, results-driven approach to adoption has largely not changed, and the associated failure factors remain.

This brings us to the question of the purpose of this book. We wrote this book because we were dissatisfied with the way the topic of organizational culture is being addressed within the broad domains of process excellence, continuous improvement, and performance management. We must answer the question, “What problem are we solving by writing Creating a Kaizen Culture?” Put simply, our problem statement is this: “The success rate for an organization adopting kaizen is less than 100 percent.” Based on studies and our observations over the past three decades and the authors’ combined experience, we estimate that the number of organizations that have attempted and succeeded in creating a lasting culture of improvement is less than 5 percent. On the one hand, this 95 percent failure rate is a major problem. On the other hand, this is a massive opportunity because 19 of 20 firms can still create a kaizen culture and reap great rewards.

This book will dramatically improve the reader’s chances of success in implementing a kaizen culture by closing the biggest gaps in the correct understanding of the following:

1. What kaizen culture is and why we need it
2. How everyone, everywhere can practice kaizen every day
3. The leader’s role in turning kaizen culture into competitive advantage

The final missing ingredient must be supplied by the reader: a strong desire to improve based on dissatisfaction with the status quo. It is our hope that the ideas and stories in this book will sew the seeds of healthy dissatisfaction in the reader’s mind.
CHAPTER 5

**Kaizen as Strategy in Practice**

Not seeing a tsunami or an economic event coming is excusable; building something fragile to them is not.

—NASSIM NICHOLAS TALEB

Peter Drucker studied and advised leading organizations for more than half a century. He stressed that serving the customer well was the essential condition for prosperity, coined the term *knowledge worker*, taught respect for the worker, invented management by objectives (MBO), and had a great influence on management thinking in Japan and the West. His writing and insights contributed immensely to the field of management, which one could argue he invented. When he wrote, “Culture eats strategy for breakfast,” he put into five words a powerful idea (Fig. 5.1). Our habits, routines, decision-making patterns, and unspoken group norms would make quick work of our best-laid plans that came from the hardest work of our best minds. This is not to say that strategy is unimportant or inferior to culture. Without strategy, even an organization with the best culture is simply adrift, reacting and responding to changes.

Furthermore, the ability to develop long-term plans, execute small experiments quickly, review the results of these experiments, and reflect on what was learned in those experiments and strengthen the strategies is an outcome of a *kaizen* culture. Culture only eats strategy for breakfast when culture is a monster that, untrained and unrestrained, has grown too strong without reflection and self-improvement. A *kaizen* culture is better-behaved and has better things to do than break its fast on our strategies. A *kaizen* culture tinkers with and continuously improves the strategy through daily
action and review cycles. Kaizen seeks to understand the target, grasp the current situation, evaluate the gap between target and actual, take immediate concrete action to correct the gap, and learn from this process before repeating the cycle. This is repeated at cycles that may be within the day, week, month, or year depending on the scope. When the kaizen process is applied to strategy, the plan-do-check-act (PDCA) cycle is turned at these regular intervals so that plans can bend but not break.

**Strategy Is a System of Expedients**

Field Marshal Helmuth von Moltke the Elder was chief of staff for the Prussian army and one of the greatest strategists of the late nineteenth century. He was suspicious of rigid, inflexible, and totalizing grand strategies and theories, instead advocating strategy as a series of options that could be adapted to fit the situation. He coined the often-repeated phrase, “No plan
survives first contact with the enemy.” It would be wrong to think that Moltke thought that plans were of no use; his planning for war was very detailed and took into account a great number of variables (Bucholz 2001). He called strategy a “system of expediens” and said, “It is the translation of knowledge to practical life, the improvement of the original leading thought in accordance with continually changing situations.”

In the context of business strategy, we should understand expedient to mean actions that are appropriate to the particular circumstances and that will deliver the results required, as in setting a general direction and adapting based on the actual situation after launching the plan. This would seem highly practical and logical, yet how many of us set, or have set for us, aggressive goals that turn out to be unreasonable on understanding the real situation, yet we are organizationally or emotionally unprepared to make expedient adjustments? Excellent plans that cannot be executed are a hallmark of nonadaptive cultures. Moltke believed that military strategy must be understood as a system of available choices because it was only the beginning of a military operation that could be planned. For him, the main role of military leadership was to make thorough preparation for all possible outcomes. We can summarize “strategy is a system of expediens” applied in business, and in particular for kaizen as strategy in action, in three points as:

1. Prepare plans thoroughly.
2. Put the plan in action, and gather information at the source.
3. Respond to reality, and adapt the plan.

Army general and thirty-fourth U.S. President Dwight Eisenhower said, “Plans are useless; planning is everything.” Strategy as a system of expediens is not an action plan but a dynamic thing, a hypothesis to be tested on the field of battle, a basis for learning. It is being ready to adapt.

**Hoshin Kanri: The PDCA Cycle Adapted to Strategy**

*Hoshin kanri* (also called hoshin planning, policy deployment, or strategy deployment) is the result of integrating *kaizen* thinking into the annual planning process. The genesis of *hoshin kanri* (hereafter strategy deployment) is the blending of MBO, long-term thinking, and total quality management (TQM) practiced within leading Japanese companies in the
1960s. The stated aim of TQM was to build adaptive cultures. A typical Japanese TQM mission statement, in translation, reads: “Build organizational capability to change flexibly to the business environment through total focus on quality across all products, services, processes, and aspects of management by activating the potential of people.”

The TQM approach lent scientific rigor to the MBO process. Total quality management was the overall umbrella under which customer-focused business excellence efforts were guided. Under this umbrella (Fig. 5.2) were total quality control (TQC) activities represented by quality control (QC) circles conducting team-based improvement activity, strategy deployment to drive the breakthrough improvements in the annual business plan across all departments, and what is simply called daily management, has been completely ignored in the West until very recently, when it was illuminated by Mann (2010) and others.

Adopted by Toyota, strategy deployment both gave structure to and became infused with kaizen values. At its simplest, strategy deployment
should be considered “long-cycle PDCA,” wherein breakthrough improvement targets are achieved through detailed annual planning, execution, review, and learning. The process and form of strategy deployment, although flexible and not an exercise in filling out a particular style of forms, is as important as the content. The process emerges from deeply held kaizen beliefs such as aligning the organization with long-term purpose, customer focus, fact-based understanding of one’s processes, developing consensus, connecting activities at each level to the overall goal, and making plans tangible and possible to act on with urgency (Fig. 5.3).

Strategy deployment begins by identifying a small number (typically three to five) breakthrough objectives for the year. This act of limiting the high-level objectives from many to a few by itself can be a humbling exercise in honesty and understanding of the organization’s true capability to implement its plans. Once the organization has defined what needs to get done, strategy deployment also helps to shape culture by defining how things need to get done. The first is to ensure coordination and connection across the vertical silos and functions of the organization so that everyone is working on the shared goals together. The “catch-ball” process of dialogue between leaders and subordinates at all levels converts the high-level goals into agreed-on and reasonable action plans, with an emphasis on
understanding the current situation through data and observed facts. Once the plan is put into action, early and frequent reviews are done using visual management tools that act as early-warning signs. This is followed by structured problem-solving steps taken with urgency to correct course. Periodic reflection of progress toward the objectives and integration of the lessons learned into new standards drive the continuous-improvement activity of the strategy-deployment process itself.

The Vital Few: Kaizen Everything or Just What Matters?

If, as Franklin Covey said, “Human beings are wired to do only one thing at a time with excellence,” then why do leadership teams believe that by grouping multiple human beings together they will be able to somehow each focus on multiple tasks with excellence? Perhaps because of what Kahneman (2011) has called “loss aversion,” the idea that the fear of missing an opportunity is greater than the anticipation of gaining one.

The hardest thing about making executable strategic plans is deciding what we will not add to our list to do this year. The breakthrough objectives must be large enough to involve everyone, and when they are kept to a few, this allows the leadership to spend enough quality time in the check and act steps of the PDCA cycle. When there are tens of high-level objectives, key performance indicators (KPIs), or initiatives, simply reporting and reviewing the status take over as the main activity, with no time for detailed root cause analysis of missed targets and fact-based discussions of countermeasures. Leadership must bring not only direction but also focus to strategy. When there are many existing initiatives, sometimes it can be more productive to begin with a blank-slate vision exercise to identify the breakthrough objectives. These should be based on the deeply important long-term purpose of the organization. Humble reflection and a focus on understanding our customers, as well as understanding our processes and how well they are serving us, will provide focus.

Much like Moltke’s expedients, frequently it is best to test the plan against reality—internal and external customers. Jeff Kaas, second-generation president of custom furniture and aerospace upholstery manufacturer Kaas Tailored, shares how kaizen has changed his approach to annual business planning:
Our planning method used to be to try to figure out what would happen in three years with the economy, government policies, [and] technologies and mold the organization accordingly. As in, if X happens, then we should grow by Y, and so forth. In hindsight, all of the planning used to be in batch. And if we had targets based on bad assumptions, we didn’t change our plans midyear even if that didn’t make any sense, because we didn’t want to feel that we had failed. We have a statement of purpose that is updated once per year; it is just tweaked. We have a few long-term goals that everyone in the company is working on, a maximum of three at any one time. At the moment we are working on:

1. Cutting muri by 50 percent
2. Tripling the value of our routines
3. True pull

As a leader, I believe that causing or allowing burden and stress on the people is a moral issue. I want everyone in the organization working on cutting out half of the muri—overburden on people and processes—by the end of the year. I know [that] if we do these things, the business results will follow. Tripling the value of our routines means taking it two levels higher in terms of the discipline and ease with which we perform the basics—the daily, weekly, monthly, quarterly routines—things that need to get done. True pull has to start with leadership, with all processes having clear signals, as in “When you see this, act.” One of the biggest changes has been that now our business plans are pulling ideas from the shop floor. Our goals are not top-down push, but pull. Three of nine of the initiatives under my top three annual objectives came from the shop floor. They understand their processes best and can tell the leaders what projects will most easily meet our goals. As a result, our hoshin boards are becoming real—red means red, kaizen actions are on the mark, these systems designed to draw action are doing just that. We are weeding, planting, and harvesting—focus of leadership is on pulling the weeds, allowing the harvesting to occur. We do not need a batch planning process. Now it’s having faith that the business will grow if we pull the weeds; the more we pull weeds, the more room there is to grow.
Although we may say the customer is always right, we cannot stop there. We must ask one more “Why?” to find higher purpose and meaning. Kaizen seeks greater and greater good, which requires more than growth through customer satisfaction. This requires extending the value stream beyond the enterprise, or end-to-end supply chain, further upstream. This must include the natural cycle of raw material renewal and environmental stewardship. Indeed, it must extend all the way through to the customer experience, beyond the commercial transaction and into the impact that the proliferation of the product or service has on society across future generations. Kaizen simply limited to making better products faster and cheaper is uninteresting. It is not inspiring or motivating. It can be, in fact, stifling. A kaizen culture demands that we respect and elevate human potential to the highest possible level, and we find our higher selves when contemplating ever higher and more meaningful goals.

**Catch Ball: Organizational Alignment the Kaizen Way**

The example from Kaas Tailored of targets being set not only top-down but also bottom-up based on alignment and understanding of a few, large overriding objectives shows us a unique approach to catch ball. Catch ball is the two-way communication processes of strategy deployment to take high-level objectives and turn them into concrete actions based on the experience and wisdom of the people who actually do the work. In large, complex organizations, the process of going across as well as up and down to develop practical plans can take some time. However, if we believe in the kaizen belief of respect for people, understanding our processes and customers thoroughly and building consensus on the plan in order to act with certainty and urgency, we will find time for catch ball. It will save much time spent in correction later. Here are some key points to remember during the catch-ball process:

△ Go to see the real situation to understand what can be achieved compared with what is being asked for. In some areas, what the people can deliver may be less than what the leader is asking for, whereas in others the people can deliver more. In both cases, it is safe to assume that the leader does not understand the process as well as the person closest to it.
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<td>Value stream, process level</td>
<td>Process, individual work area</td>
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<td>Review Cycle</td>
<td>Annual, quarterly</td>
<td>Monthly, weekly</td>
<td>Daily, hourly</td>
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<td>Teams</td>
<td>Management</td>
<td>Project, cross-functional</td>
<td>Natural work teams</td>
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<td>Impact</td>
<td>Large, strategic, slow</td>
<td>Larger, focused, fast</td>
<td>Smaller, focused, fast</td>
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<td>Sustainability</td>
<td>Requires commitment to PDCA and constancy of purpose</td>
<td>Requires integration within daily and support kaizen structures</td>
<td>Requires team structure with team leaders as coaches</td>
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Adapt the plan and adjust timelines, resources, and the balance of targets based on the overall situation and individual local realities, but do not compromise on the overall target.

Use the three cycles of *kaizen* together to create additional capacity for innovation and strategic project activity. There is a “strategic gearing” effect (Table 5.1) when support *kaizen* (strategy), project *kaizen* (events), and daily *kaizen* are all done together, with greater impact than the sum of its parts.

Becoming quicker and more accurate with the catch-ball process must be one of the process metrics for learning about and getting better at strategy deployment, a topic of reflection at the annual review and planning cycle.

### Alignment Between Process and Results at Lockheed Martin

As noted several times above, increasingly in the United States and around the world, federal departments, states, counties, and municipalities are recognizing that adopting operational excellence is a must to continue providing services in the face of limited tax revenues. This has been in no small part thanks to the influence of private industry and the aerospace and defense companies in particular with their direct exposure to the U.S.
Department of Defense. In the private sector, the emergence of kaizen culture has been more visible and rapid, especially among the largest organizations, which have been pursuing this path for decades. Lockheed Martin is an American aerospace and defense giant known for delivery of high-performance, high-quality products while lowering costs and delivering innovation. Senior Vice President Michael Joyce shares insight into the importance of alignment between kaizen activities on the front lines and the needs of the overall business:

Every employee at Lockheed Martin knows that you’ve got to do your job, and you’ve also got to improve how your job gets done. The “how” behind this is something we call Structured Improvement Activity, or SIA, which is based roughly 80 percent on lean and 20 percent on Six Sigma. You can say “we need to do an SIA on this” anywhere in Lockheed Martin, and people know exactly what that means. Then, we’ve got the structure and tools to go do it. It’s essentially a kaizen event.

We’ve found this to be a very powerful system for removing waste and creating world-class lines. However, for a program like this to sustain itself over long periods of time, it has to work in cohesion with the way the overall business is being managed. The main key to that is making sure that you deliver outcomes. That’s what the corporation measures do, and that’s what we’re paid to do.

What kaizen pushes you to do is control the process, or the input, in order to get predictable output. That connection, however, is not easily appreciated by many financial managers. They tend to look at quarterly and monthly figures and come up with simple explanations for why things occurred. It’s a lot harder for them to accept the idea of doing the heavy lifting to actually understand the root cause. So these are the kinds of tensions we have to deal with.

I learned back in the ’90s from the Toyota people that managing by quarterly, monthly, or even weekly numbers is not enough—you have to get down to a plan that measures expectations in hours. This means [that] if you’re not on plan at 8:00, you can be problem solving at 8:01, as opposed to waiting
for the monthly review and then trying to figure out why you missed your plan. At that point, your problem solving is awful because it’s not based in fact anymore—it’s based in myth.

People working on the process side can lose sight of outcomes as well, and we sometimes have to remind them, “Are you getting predictable outcomes, yes or no? Or is kaizen your hobby?” Outcomes are the grade of the kind of kaizen culture you really have.

So you have to have alignment between your finances and your processes, and that’s not a simple alignment to achieve. People say in three to five years you can do it in a lean transformation. That’s wishful thinking. My belief is that it takes careers to make this happen, and even then, you’re always going to have tensions between input-based and output-based decision-making.

Joyce alerts us to a long-term challenge that must be recognized and addressed as a strategic priority: the alignment between financial results and the processes employed to achieve them. By the nature of how financial results are measured, reported up through an organization, and presented to the shareholders within large and especially publicly traded organizations, there is ample opportunity for misalignment and disconnection between front-line actions and bottom-line results. There is indeed no easy short-term answer to this, although lean accounting models can bridge the gap to a certain extent.

Teaching kaizen practitioners who are process-oriented to see the outcomes of their actions, and teaching finance people who are results-oriented to look and and understand the day-to-day inputs are important first steps in finding common ground. Turning this potential area of misalignment and misunderstanding into a positive tension that stimulates discussion and problem solving is a key responsibility of the enlightened leader in shaping a kaizen culture.

**From Operational Kaizen to Strategic Kaizen**

For many organizations, the first obvious kaizen projects will be of the “correction” type, where processes are redesigned to solve problems in
safety, productivity, quality, sales, inventory management, on-time delivery, or cost. During the daily practice of kaizen, people’s eyes will increasingly take note of smaller problems or even potential problems and risks that are not yet today causing trouble, shifting the focus of activity toward prevention. Strategic kaizen activities beyond the six-month horizon or depending on the cycle of new-product introduction, new-customer acquisition, or new-process development should focus on anticipating and planning for unmet or unspoken customer needs.

Most of the kaizen work we hear about involves the practical deployment of existing strategies in the gemba—the actual workplace. Kaizen, however, also can be a powerful enabler for the formulation of the strategies themselves. Here Bruno Fabiano, director of the Kaizen Institute in Italy, explains how he helps businesses to create growth strategies using kaizen principles and methods:

The gemba for senior managers encompasses all aspects of their company—the team members, the competitive positioning of products, the various customer segments, and the supply chain. Management teams also represent diverse competency areas, such as manufacturing, finance, HR, and sales. Leaders within excellent organizations are able to face the challenge to apply kaizen to every type of gemba.

We begin the growth strategy creation process by helping the management team get a clear picture of everything that is happening in their gemba. To do this, we use two visualization tools from a methodology called Blue Ocean Strategy. One is the Business Model Canvas (Osterwalder and Pigneur 2010). This helps to make visual the company situation according to the nine attributes of:

1. Customer segments
2. Value propositions
3. Channels
4. Customer relationships
5. Key activities
6. Key resources
7. Key partners
8. Cost structure
9. Revenue streams
The second is the Value Curve or Value Profile, which creates a graphical representation of the positioning of the company relative to competitors according to factors such as price, customer service, and specific product attributes.

These visual tools are used to create maps first of a company's current state, and then, building on that, of the desired future state. The latter could include improvements such as expansion of product offerings, acquisition of new technology, alignment of costs according to competitive pressures, or the addition of new sales channels. The gaps between the two are used to create action plans that become the focus for kaizen improvement (Fig. 5.4).

Although these visualization tools are commonly used by traditional management consultants, our approach is very different in that we don't base our work on industry benchmarks, purported best practices, or other outside information. Instead, we use the kaizen principle of going to the gemba as our primary information source.

![Figure 5.4 Business model canvas. (Creative Commons.)](image-url)
There are two aspects to this. First, we emphasize the wisdom of the team. We begin by telling them that “Nobody understands your business environment better than you.” Secondly, when the team doesn’t have all the data that is needed for a key decision, we give them the tools to extract that information from their *gemba*. This is often done with controlled experiments that test promising ideas in a low-cost, low-risk manner, in the same way that we use *kaizens* on the shop floor to conduct experiments testing new production processes. We do the same for business ideas and business plans.

*Kaizen* represents a paradigm shift for managers, and our first step is to change the way they think about their jobs. Even in many lean companies, managers are used to being given a strategy and spending their time figuring out how to deploy it. Here, their job is to work with the team to continuously improve the strategy. The metaphor is if you want to see, learn how to act. This is the way of thinking that we ask them to put into practice.

Our process for designing and improving action plans is based on the A3 model, which was developed by Toyota. A3 is a step-by-step process based on the PDCA cycle where teams investigate problems or needs and then create and test plans for resolution.

The process provides the needed structure for low-risk experimentation but is not overly complex, which allows teams to act quickly. We encourage clients to take small steps so that when an experiment doesn’t work out, this doesn’t impact revenues, costs, and other factors. Furthermore, there are no failures here, because regardless of the outcome, valuable information will have been gained.

We recently used the *kaizen* approach to strategy with a mid-sized Italian company wishing to expand the sales and distribution of their bakery equipment. The mapping process revealed that the company was not well-positioned beyond their domestic markets. Through discussion, it became clear that they would need partners to help support customers outside of Italy, partly because of the need of their customers to have 24/7
The A3 process was used to test different relationships with potential partners and find the most advantageous arrangement. The result was a successful expansion of sales channels, which allowed the company to increase sales volume at a time when their market was actually declining.

A similar approach was used with a mid-sized furniture provider seeking to improve their sales in the United States. They had previously shipped only full containers from Italy to customers who had large enough orders. This cut out many potential customers.

There were several options available to provide a distribution model suitable for smaller orders. For example, they could rent a warehouse, buy a warehouse, or contract out the warehousing of their goods. What they needed was data to make a proper decision.

To gather these data, they conducted an experiment. They implemented a six-month trial arrangement with a dealer. Under the agreement, the dealer provided the required warehouse space and was given a special discount, which allowed him to serve customers with smaller orders within a defined territory. This gave the company a practical way to test the viability of the smaller-order market with solid evidence from their own gemba.

Of course, this kind of experimenting is outside of the comfort zone for many managers who are accustomed to using market data and other conventional sources. The main value of using the kaizen approach to develop and implement growth strategies is that we help these managers break through this barrier and learn to trust their data and trust the wisdom of their team members. The key is to take small steps that prove what is possible and act as a leverage point for changing their views.

Once these barriers are overcome, it is surprising how quickly teams can put these ideas into practice. In the two cases above, managers were calling dealers and signing agreements within a matter of hours. Once they start to move, there’s nothing that can stop them.
This is a powerful illustration that there is not any particular tool, consulting framework, or business-school paradigm that results in a successful growth strategy. Rather, it is the culture of an organization that is entrepreneurial and able to take intelligent risks. In the preceding examples, the risks were small, easy to test, and showed success or failure quickly, allowing learning and adaptation. The *kaizen* approach as strategy in practice enables the management team to use the scientific method while engaging their people to work toward a common purpose. The impact on the organizational culture is to build trust, and the financial impact is positive both on the top and bottom lines.

**No Plan Goes According to Plan**

There is a powerful saying that is part of many Eastern philosophical traditions: “Plans don’t always work out the way you imagined, but they always work out the way you implemented.” This could not be truer of business plans and business strategies. The value of applying *kaizen* values and methods to the process of strategy development and execution is that it reinforces the habitual and frequent turning of the PDCA cycle at all levels in the organization. This frequent check catches small deviations from plan and exposes inaccurate assumptions that we made when setting our annual plans and, most important, the performance-eroding behaviors that arise from deeply embedded beliefs within our culture, such as:

- Silent disagreement
- Agreeing to high goals knowing that they will be adjusted downward later
- Agreeing to high goals knowing they will be lowered later
- Not challenging the leader’s plans to avoid damaging one’s career
- “Making the numbers” by adjusting outputs, knowing that the bosses will not check

Author, speaker, and Professor Bob Emiliani of the Center for Lean Business Management is an outspoken critic of continuous-improvement efforts that are misapplied. His “Dooming cycle” parodies the Deming cycle (a.k.a. the PDCA cycle) but strike at a deep truth about how many of us manage (Fig. 5.5). Organizations that do not establish systems to make problems visible at the earliest stage, invest in turning every person into a
problem solver, insist on taking root-cause countermeasures, and learning from both success and failure are doomed to the vicious cycle of surprise, react, fix, and forget only to be surprised again, reacting anew. This behavior of coping with problems as they arise rather than planning ahead to prevent them is called “firefighting.”

Following the *kaizen* process develops learning organizations that do not forget the lessons of past problem solving. Such organizations are rarely surprised by the same problems recurring, and are adaptive and able to respond when surprised by new challenges. The learning organization not only recovers from challenges but adds the latest lesson to their organizational memory bank. Embedding these habits into the organization requires strong leadership to follow the PDCA cycle for all strategy, business planning, innovation projects, and problem solving. When top management insists on this *kaizen* process from the strategic level through to the front lines, this results in learning at all levels and allows escape from the dreaded Dooming cycle. The building of habits, the catching of problems at their earliest and smallest, the building of practical problem solving skills, the
safeguarding of standards that enable consistent performance, and the giving of live feedback on where the organization is going off course on strategy—these are all in the too-often-unexplored domain of daily kaizen.