Can You Tell Me How to Get to Carnegie Hall?

Each month Cliff Ransom publishes a newsletter about companies he tracks for his investors. I love reading his newsletter since he is only focused on companies that are pursuing Lean as a significant differentiator to become leaders within their sectors and business leaders. Without boring you with some of the other stuff in his newsletter … I thought some real pearls of wisdom contained within his latest communication are worth sharing … why? Because if I could write my thoughts they would be in violent agreement with his views … hope you enjoy.

This document stresses my belief that the fastest and best way that I can add value for my clients is to “Go to the Gemba,” which is defined as “the place where the real work is done.”

Gemba Walks as a Kata:

I’m a great believer in what Toyota calls genchi genbutsu, the admonition to go to the gemba (“the place where the real work is done”). For me, the tip of the spear, where most of the value gets added, rests precisely at the point of impact, in the overwhelming majority of the cases, where the intellectual capital of every firm resides: on the front line.

Humility Is Hard to Find

Lean requires a sense of humility, which has never come easy to me, but which has become a major preoccupation of mine. I have often talked about my repetitive graduation over the years to kindergarten, only to have one of my mentors or senseis demote me, lightly but firmly, right back to pre-school. This is what makes me leery about Lean Certification programs. [I am tallying the number of times that I have been “put back” during my own tenuous lean journey, but I will present that sobering list at a later date.]

For now, I only want to remark that there is a learning relationship between gemba walks and the repetition of a kata, a term taken from martial arts (or Buddhist meditation, which is surprisingly close in nature). Kata is the path to gaining capability by continual and continuous practice. In “Thinking: Fast and Slow,” Daniel Kahneman postulates that it takes five hours a day for 10 years for a chess player to become a Chess Master.

Kahneman goes on to posit that “intuition” may be best thought of as an accumulation of experiences, a process which is most powerful when the feedback of observations is rapid and repeated. He makes the point that a radiologist obtains “…little information about the accuracy of the diagnoses they make and about the pathologies they fail to detect.” On the other hand, “…anesthesiologists benefit from good feedback, because the effects of their actions are likely to be quickly evident.” As Kahneman states the case, “If an anesthesiologist says, ‘I have a feeling something is wrong,’ everyone in the operating room should be prepared for emergency.”

The experience of repeated katas, or gemba walks, or management interviews, or ascertaining the tenor of an important trade show, is, in my opinion, far more valuable for investors than producing some 97-folder spreadsheet. I believe that you should believe Kahneman, that “…stock pickers and political scientists who make long-term forecasts operate in a zero-validity environment.” I do, however, remain convinced that repeated visits to the workplace help me understand those corporate cultures which can produce spectacular results for shareholders over the long-term.

Unless you try to do something beyond what you have already mastered, you will never grow.

Ronald, E. Osborn

Richard Kunst
President and CEO
Tel: 519 651 2341 E-mail: r kunst@kunstartofsolutions.com Web: www.kunstartofsolutions.com
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Just because you are more likely to believe Daniel Kahneman Van him and yeah Cliff Ransom, I will close this section with what I suspect will become a seminal quote: "It is wrong to blame anyone for failing to forecast accurately in an unpredictable world. However, it seems fair to blame professionals for believing they can succeed in an impossible task. Claims for correct intuitions in an unpredictable situation are self-delusional at best, sometimes worse."

Wrapping Up

I would close with the thought that a kata is not just a practice; it is a behavior. Because I believe that lean’s foundational beliefs rest on philosophy, natural law, and principles, I have become increasingly intolerant (now, there’s an un-lean word!) of organizations which remained transfixed by tools and cannot build a culture of continuous improvement and employee engagement. Perhaps I should use the word, “frustrated,” instead of, “intolerant,” particularly when public companies leave on the table riches for shareholders that I think are within their grasp.

In my initial early-1990s explorations of the Toyota production system, however, I became adamant about the implications of the mandate to always be driven by The Voice of the Customer. Continuous Improvement hinged on the elimination of muda (“waste,” defined as anything for which the customer did not wish to pay). As a result of ever-diminishing muda, the ever-improving Value Stream consisted of more and more value-added activities. I became critical of corporate metrics that I called “inward-looking,” which were all the measures most often found in compensation systems, meaning sales growth, margin growth, cash flow growth, and that most pointless and manipulated of measures, EPS growth. I accepted that publicly-held companies have to improve those metrics to satisfy the obsessions of Wall Street, but I believe that those metrics are derivatives of more important ones. During that phase of my lean journey, I postulated that enterprises should focus first on the “outward-looking” measures, those desired by The Customer, such as Quality, Complete and On-Time Delivery, and Innovation.

In the last five years, however, I began to understand the primacy of a focus on the employee. This belief has caused me to change, yet another time, many of my attitudes about metrics and organizational practices. In one sentence, if you have not engaged your employees, you will never hope to create a culture that can be sustained to add benefit to customers and shareholders.

To my current way of thinking, particularly as conditioned by the remarkable transformation at Caterpillar to lean thinking from massively un-lean thinking, I now want to see very visible metrics on Safety and Quality. No one wants to go home to his or her spouse and say, “Well, honey, old Fred lost his other hand today.” No one wants to go home and say, “Well, honey, today we made 2,000 automobiles, but 800 of them are in the Rework Shop.”

The power of An Article of Faith is profound. I don’t care if you’re talking about the Nicene Creed; the Shema Yisrael, or the Shehada, lean practitioners have to believe in the primacy of that greatest font of intellectual power in any organization: the people on the line, the employees who do the work. True lean zealots believe that the overwhelming majority of people want to do a good job, want to be recognized for doing a good job, and will welcome the opportunity to improve their environment, if given resources, support, and training.

It Is Very Hard to Add Value for Your Clients If You Sit in the Office.

To quote the greatest of samurai warriors, the undefeated Miyamoto Musashi (1584-1645):

I am always polishing my sword.
I am always perfecting my style.