

LEAN STRATEGY APPLIED IN THE ORGANIZATIONAL CHANGE PROCESS MANAGEMENT

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Abstract: *In terms of a complex and volatile external environment, generally characterized by speed in innovation of technology and products, and by increasing market competition, the clients and customers' demands grow continuously, which require changes in the organizations. Nevertheless, these changes are designed to maintain or increase the performance of the organizations. Besides, the changes that have proven to be successful used the lean concept, developed by Toyota since 1990. In this context, the paper is aiming to present a brief review of the basic concepts on change management and lean management as the foundation stone for a lean strategy model design. Finally, a model of the lean strategy for the managers of any organization is proposed.*

Keywords: *change management, change process, lean, lean management, lean strategy*

JEL Classification: *D02, D03, L15, L21, L22, L25, M21, O21*

1. Introduction

The speed of new technologies applied in production is in the pace with the more and more sophisticated desire of the clients and customers, who are requiring better quality and cheaper products and the just-in-time delivery of the products.

The change process involves a lot of challenges and its goal is usually to improve the activities' results (effectiveness or efficiency).

In this respect, the first action a manager is willing to apply is the cutting the costs of the auxiliary and administrative activities or through downsizing. But, nevertheless this options are leading mostly to the decreasing in the quality, the employees fear for not loosing their jobs and the customers' dissatisfaction.

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Recently, some more attention is given to the waste of time, as a source for low effectiveness. „Low costs and high quality are already taken for granted and increasing attention is now being paid to the element of time” (Smeds, 1994).

In order to harmonize the needs for better results with less resources the change process may approach the „lean” system.

The paper is focusing on a brief presentation regarding the change management and lean as a concept and process and finally on the design of a model for the lean strategy as a tool for the organizations and managers to implement the change.

2. Change process and change management

The changes in the organizations occur as a reaction to changes in the organizational environment. In order to have positive effects the changes have to be anticipated, planned, managed, coordinated and controlled, attributes related to the organization’s management (Doval, 2008).

The changes can vary depending on the scope and complexity so that some may be minor and unnoticeable; others have major effect on the organization. Often, small-scale changes, sometimes unnoticeable, or staple can produce a serious impact on the organization's activities more than large-scale changes.

The change is a continuous process and it may cause another change or a chain of changes, generating transient disorders or radical upheavals.

The change process, in whatever the organizational space occurs has a number of specific components: the environment, the opportunity for change, the forces that sustain the change, the forces that resist to change and the change management (figure1).

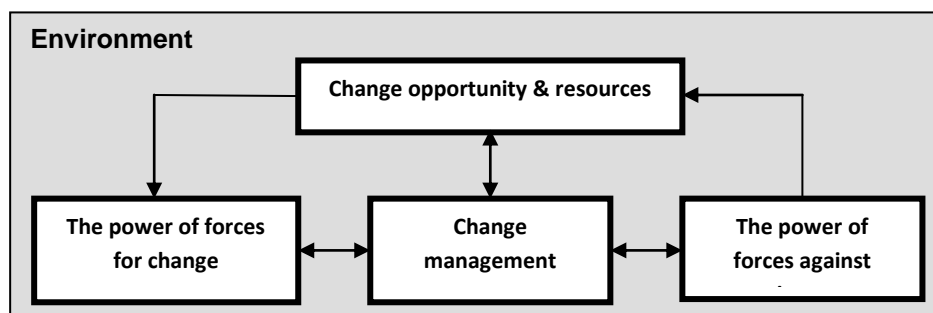


Figure 1 The main components of change process

The environment

The environment pressure is an important factor for the changes in the organizations. Mostly, the external factors, such as the competition, macro economical factors, technology or social factors may put pressure on the organizations. Other times, some changes are due to internal environment factors.

The change opportunity

The main component of the change process is the opportunity, resulting in the interference between the current activity and the strategy. The resources have a significant influence on whether a change is initiated. Also, if the environment is highly dynamic, rapidly changing technologies and the market requirements and the organization has resources to deal with the changes then the change process is appropriate.

The power of the forces for change

The forces that are sustaining the change are internal and external. Many of the forces are coming from the external environment. The power that these forces are exerting brings a profound impact on the organization's decision to start the change process.

The power of the forces against change

The power of the forces that resist changing or decide to change the speed of its implementation is the main problem of the change management. These forces also are internal or external, but internal forces generally have a relevant significance in relation to the change.

The change management

The change must be led, so it needs a management. The initiator is always changing and the change manager does not necessarily coincide with the organization. The change management success depends on the involvement of the organization in the change process.

The organizations have experienced different approaches to the process of change, but most have failed sooner or later. The challenges that the management have had to face couldn't „lead to stability and sustainability of results" (Aernoudts, 2014).

Many change projects fail because the management is not looking for details. In order to avoid the mistakes, Putwain (2015) presented a list of 12 preventable failure modes and what can be done to prevent them. The most important one could be considered to be „the unclear vision: lack of clarity regarding a project’s scope and its benefits typically leads to failure”.

3. Lean for change management

The lean is the set of management practices based on the Toyota Production System.

The lean system has been developed in the ‘90th by a group of MIT researchers (Womack and Jones, 2003) using the Toyota experience. Toyota lean system is in fact a philosophy based on the principles of JIT (just-in time) and the quality at the source, but it also includes the focus on the waste and the non-added value elimination and on the respect for the people, as well.

The main four rules which characterize the Toyota system are (Spear and Bowen, 1999):

- Rule 1: All work shall be highly specified as to content, sequence, timing, and outcome.
- Rule 2: Every customer-supplier connection must be direct, and there must be an unambiguous yes or no way to send requests and receive responses.
- Rule 3: The pathway for every product and service must be simple and direct.
- Rule 4: Any improvement must be made in accordance with the scientific method, under the guidance of a teacher, at the lowest possible level in the organization.

Even this concept has been firstly used in manufacturing, the benefits brought by the lean implementation has conducted to its use in other the fields, such as services and government.

The process of the lean implementation requires for all people to change the traditional thinking into a lean thinking and thus to build a lean culture. „The *lean thinking* definitively shows that it is a new way of thinking and a new way for running companies with benefits for everyone from the line worker to the CEO. The ultimate goal, according to the authors, is the reduction of waste. To achieve this, a company must look at

what creates value and eliminate all other activities” (Womack & Jones, 2003).

According to the Lean Enterprise Institute (2015) „lean” means “to maximize customer value while minimizing waste. Simply, lean means creating more value for customers with fewer resources. A lean organization understands customer value and focuses its key processes to continuously increase it. The ultimate goal is to provide perfect value to the customer through a perfect value creation process that has zero waste”.

As Rouse (2013) highlights the „lean management” seeks to eliminate any waste of time, effort or money by identifying each step in a business process and then revising or cutting out steps that do not create value. The guiding principles for lean management include:

- Defining value from the standpoint of the end customer.
- Identifying each step in a business process and eliminating those steps that do not create value.
- Making the value-creating steps occur in tight sequence.
- Repeating the first three steps on a continuous basis until all waste has been eliminated.

Applying lean principles to management, rather than just operations, can help large organizations reimagining how they work and unlock value through continuous improvement (Jacquemont, 2014). The author is stressing that four disciplines reinforce one another to create what lean has long envisioned: an adaptive organization that consistently generates the most value possible for all stakeholders from all of the resources it can bring to bear. These disciplines are:

- Delivering value efficiently to the customer.
- Enabling people to lead and contribute to their fullest potential.
- Discovering better ways of working.
- Connecting strategy, goals, and meaningful purpose.

He also underlines that „as the organization’s experience with the system deepens, its capabilities will naturally strengthen. At the same time, lean management fosters a culture that encourages continual reassessment. Gradually, that drive will come to apply to the system as well—the organization will seek to improve its application of lean management, to see how it could push the ideas (and its performance) further”.

To start the implementation of the lean the manager should concentrate on the following five directions (Aernoudts, 2014):

- determining what is important for the organization, and to get everyone focused on the vital few;
- deploying the right improvements that really close the performance gaps between the current and future state;
- creating stable, predictable processes in which value-adding steps are performed in the shortest possible throughput time (flow) and all activities are synchronized (using the same amount of time for each activity), and to remove the obstacles to flow;
- developing the capabilities of employees in collaborative problem solving and to nurture the future leaders of the organization;
- Preparing the organization to deal with future challenges, looking at them from the customer's perspectives (Who are our future customers? Competitors? What unmet needs are we trying to fulfil? What solutions are clients looking for?)

One of the keys to a lean implementation is to become a learning organization through relentless reflection and continuous improvement (Leisman, 2015). The author underlines three facts that have to be done when change is focused on lean:

- Performing a root cause analysis to understand wasteful habits. This analysis requires the question "why" be asked at least five times to find the original root cause of waste in the facility.
- Creating a process map to clarify steps that occur with team members from cross-functional departments. Having this visual recreation of the steps can eliminate wasted time caused by misunderstanding a verbal explanation.
- Developing a value stream map to differentiate the value added steps of a process from the non-value added steps, sum the time for each individual step and determine how much time is given to a process.

4. Lean strategy model

Considering the main ideas and principles briefly presented above, as well as the most important asset that the lean concept is bringing in the organization's management, i.e. equilibrium in the change process by putting the forces for and against change in balance, a model of the lean strategy is proposed in figure 2.

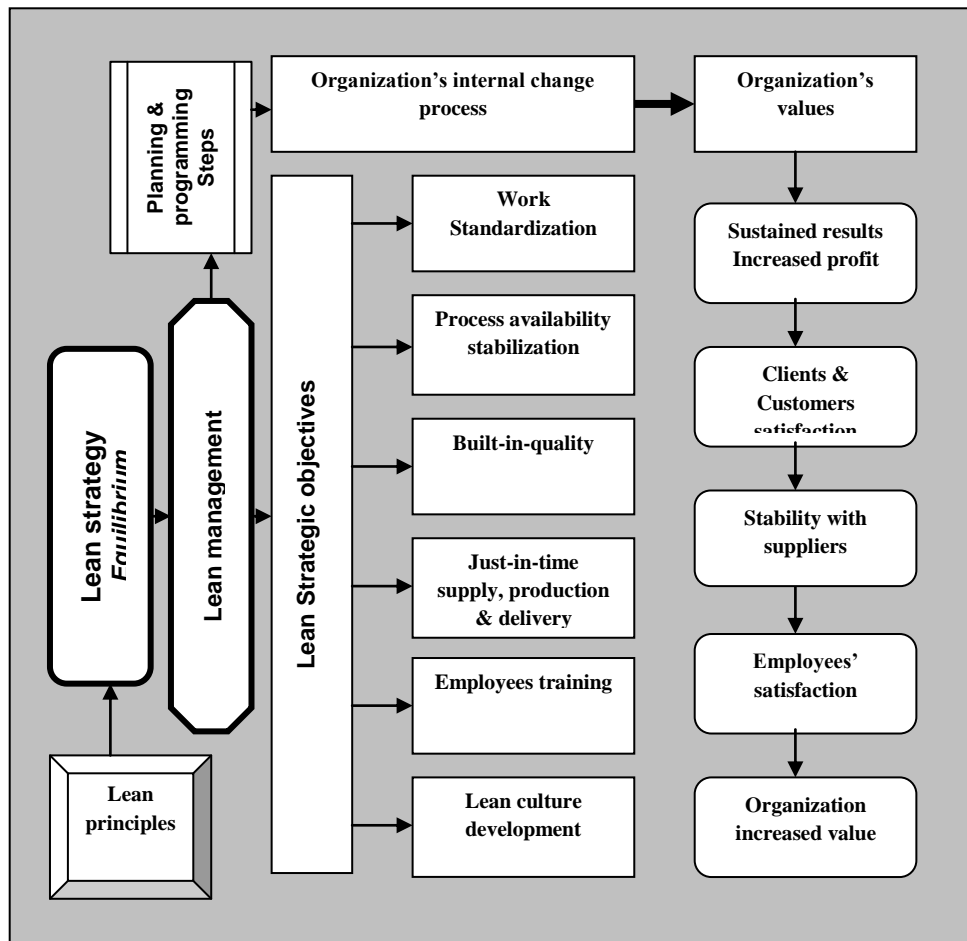


Figure 2. Lean strategy model

The strategy is based on the lean main principle: to eliminate waste in each step of the activities in order to increase the organization's performance and value. This principle could take into consideration the „7 zeros principle” including: Zero carbon emission, Zero defects; Zero inventory; Zero raw materials waste; Zero labour incidents; Zero clients claims and Zero time wasting (Negulescu, 2015).

According to the model presented in the figure 2, the process of change will include the lean strategic objectives: the process stability and

availability; the built-in-quality; just-in-time supply, production and delivery; employees' training and the lean culture development.

Having in view the lean strategic objectives the management needs to develop the planning and programming in steps to implement this strategy. The number of steps depends on the organization's needs to identify the waste sources and the means to eliminate them.

Following the mentioned objectives the organization's values are willing to increase, envisioned in sustained results and increased profit and stakeholders' increased satisfaction (shareholders, management, clients, customers, personnel and others).

Those guiding principles for lean management underlined by Rouse (2013) could be adopted with the model.

Using this model the organization may benefit of the following advantages:

- Helping the organization's management to discovers the hidden costs and the waste sources for their elimination;
- Encouraging the partnership with all stakeholders (suppliers, customers, employees);
- Performing a continuing improvement in all the activities;
- Helping the organization to increase its competitive advantage and its own value.

5. Conclusions

All organizations are changing in time because the process of change is a new opportunity for a better statement.

The lean, as a concept or philosophy may be an efficient tool for the organization's change, because it may bring the change forces to equilibrium faster and easier. The lean thinking adopted by all stakeholders facilitates the change.

A lean organization is the one focused on waste elimination along the entire chain of the activities.

The lean strategy model proposed in this paper is considering the specific lean strategic objectives, which if are achieved in an accurate manner, they may contribute to the organization's increasing performance and value.

The model may be a useful instrument for the organizations running their activities in any industry. The model is designed in its first form and it is open for further developments.

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