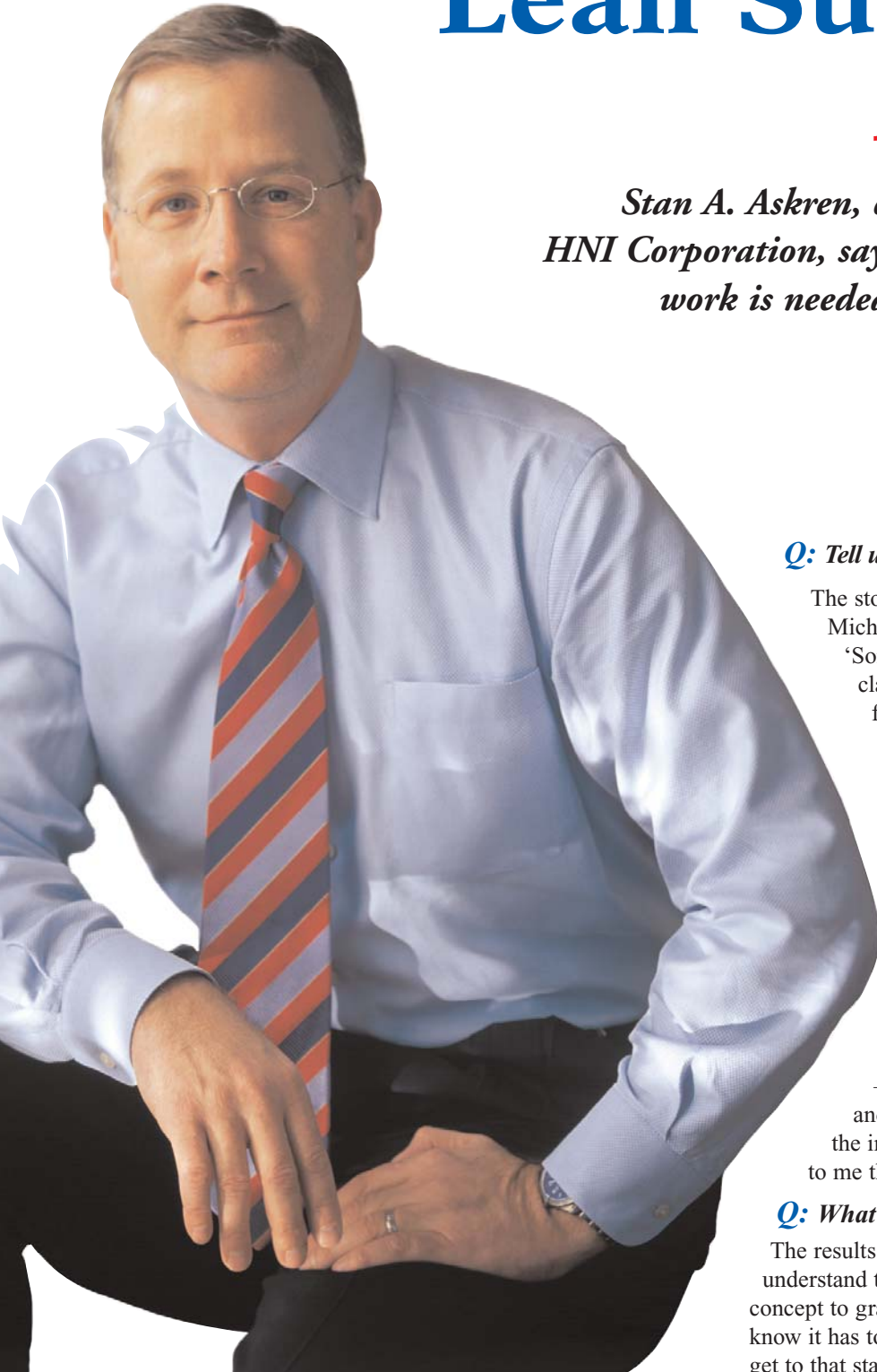




**Leadership**

# The Truth Behind Lean Success: *It's Messy*



*Stan A. Askren, chairman, president, and CEO of HNI Corporation, says personal involvement and hard work is needed to fully understand, implement, and sustain lean.*

**Interviewed by Patricia Panchak**

**Q:** *Tell us about when you realized the importance of lean.*

The story of lean [for me] started in 1992. The CEO [Jack Michaels] threw a resume on my desk, and said, 'Somebody told me this guy knows a lot about world-class manufacturing.' It was George Koenigsaecker's, from Jake Brake Division of Danaher Corporation. I met with him, and George told the story about his lean study and journey. What he talked about made huge sense; the concepts, the processes. I have to admit: In retrospect I didn't fully understand.

After we hired George and began the lean process, we took on some of our largest, most complex operations, and the transformations we made in one week were stunning.

The next major time that I began to understand the transformation was when I was president of Heatilator, one of the HNI companies. We started 'getting' the strategic implementation of lean — the impact on leadtime, on quality, on complete and on-time shipments — and ultimately on profit and the impact on our members (employees). Then it was clear to me the power of lean.

**Q:** *What do you think caused you to 'get it?'*

The results and the process. If you're a logical human being, you understand the concept of core value and waste; it's not a tough concept to grasp. When you see it, it's so simple and pure; you know it has to be good. The difficulty is in understanding how to get to that state.



**Q: Why don't more people, especially CEOs, 'get' lean?**

I think the results are profound, but the change process is arduous. If you have a culture that's not lean, the process is messy and complex, it's a challenge. It's not magic, it's not mystical; it's a bunch of hard work.

**Q: How do you work through that messiness?**

You must have a predisposition to find a better way, to realize the status quo will not work; a healthy level of constructive discontent. The other is to go out and see what's possible. Find other leaders that you trust. Then you must get personally involved. You need to get your hands dirty out on the floor or in the office.

I believe it takes 30 kaizens to understand, 60 to lead, and 120 to strategically integrate the process from front to back.

You don't have to do that all at once. If you do it, you experience it, and you see the power, the value created, you see how the folks respond to it, and that gives you courage to do another one, and then another one.

Unless CEOs are willing to get personally involved, they will never be able to understand.

**Q: How has your work as a leader changed as a result of lean?**

I started in lean when I was 31 or 32 years old, when my mind was fresh and open--and I've always been a change driver. For me it wasn't a difficult change.

You must turn it over to the people who do the work. Train them and then let them run. The lean leader's job is less command-and-control. Set policy deployment, the targets, and turn it loose. Provide the resources and — another big part of the job — take away the obstructions and obstructive people.

The antithesis is when leadership is focused on posturing and gaining status, engaging in "smart speak," with executives talking to one another and never really getting their hands dirty.

**Q: What, specifically, do you do?**

The first thing is you have to participate in kaizen events. You have to be on the team. You have to bring in an outside perspective to get the training, to learn about the tools and how to apply them. Then go do it. You can't get somebody to give you a two-hour presentation like you'd receive on the latest changes in tax law and really get it. You must work at lean constantly.

I've been through — I've lost count — 100s of these events. I review team progress during Kaizen weeks. I do policy deployment reviews. We use the Shingo evaluation process, and senior leaders and I go every 12 months to review the work and the process against the Shingo at each operation.

The huge opportunity is in the office administration process. I am personally accountable for reviewing HNI's five primary value streams with each of our operating companies — opportunity to bid, bid to order, order to schedule, schedule to ship, and ship to pay — every six weeks.

**Q: What have you done as CEO to renew, refocus, and reinvent lean over the span of 17 years?**

Lean became a real effort at about seven years into the journey.

You need to go back to the basics, retrain people and get senior leaders to engage in the business process. The renewal has to be ongoing.

For senior leaders, we require four formal weeks of training and require them to do at least two formal events each year; most will do many more. We establish senior leadership objectives: They're accountable to get results and improve the process.

Right now we're going back to the HNI Business System to improve it. Back to our set of tools and rewriting what it means at HNI and what we believe, and then retraining. That'll go on forever, every year, every day: people change, the business environment changes, and you need to keep adapting and refreshing.

**Q: How do you get and keep the Board on board?**

Quite frankly, in our situation the Board holds us accountable to drive lean. Early on, it took some faith from the Board. We laid out what we were doing to eliminate waste, improve customer service, and increase cash flow. Part of it came back to a leader of the corporation. If the CEO doesn't have credibility with the board and the workforce, lean isn't going to get off the ground.

In some organizations, a crisis will allow faster implementation of lean. This economy is a great time to implement lean.

**Q: Where does lean fit in with the range of leadership strategies or approaches?**

For us, I can't separate it; if it's not lean, it won't fit here. There are a couple of things that come together. Why do we exist? We create value for shareholders when we create value for customers and then we can create value for members (HNI employees).

We started out as a member-owner culture. It is who we are. This company was founded on finding a better way. It's a philosophy of relentlessly eliminating waste — a restlessness, a constructive discontent to do it better. We've done it this way from the very beginning.

**Q: What do you say to people who say 'lean is not enough,' and point out that it hasn't saved Toyota from the current recession?**

One of the points I make is that lean is not going to fix an economic downturn. If all the water goes out of the lake, your boat will be on the beach as well.

Lean will not fix a bad business strategy or customers who stop buying. On occasion you see people thinking they can fix a bad market, a bad strategy, or a bad business model with lean. It's not going to be sunshine every day. But over time take two organizations competing in the same market, one lean and one not, and there's no doubt in my mind who's going to win.

I think lean makes everything more clear in terms of what's value and what's not, what are the market dynamics and your competitive advantages.

Being lean is not a competitive advantage. It's not an end state. The competitive advantage is lean momentum: Are you moving faster than your competitor and faster than the market. That's the competitive advantage.

*Patricia Panchak is Target's editor-in-chief.*