

The background features several lightbulbs. At the top, there are four lightbulbs: a blue one on the left, a purple one in the center, a brown one on the right, and a blue one on the far right. In the center, there is a large, colorful mosaic lightbulb made of many small triangles in various colors like yellow, orange, red, purple, and blue. Several small, colorful pill-shaped icons are scattered around the mosaic lightbulb.

# True lean leadership at all levels

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Our world has become fluid: Everything changes all the time at the pace of a Twitter feed. Being the gray-suited company representative of a well thought of institution simply doesn't cut it anymore. Success now hinges on personal leadership: persuading a client, persuading a boss, persuading co-workers.

Not the leadership of the 20th century, with its wars and horrors. Not the leadership of the Jack Welch and destroying your company to rebuild it. But the commonplace leadership of taking your team, your department and your company to a better place where all can succeed together. As the African proverb goes, if you want to go fast, go alone, but if you want to go far, go together.

Toyota, the exemplar company for the lean movement, has had this figured out for a while. Its leadership teams realized decades ago that, in order to conquer saturated markets,

they needed to come up with better products faster than their competitors. To do so, they also realized that they needed their staff's creativity as well as discipline. Employees had to be engaged and involved in daily continuous improvement to learn how to deal with big changes (model changes) by practicing daily small changes (kaizen).

To engage and involve employees, they had to be part of stable teams, each led by a team leader (direct workers are referred to as "team members"). A team leader in Toyota is not a boss. She doesn't have stripes.

**They also realized that they needed their staff's creativity.**

She's one of the employees who has put herself forward because of her leadership ability. This everyday form of leadership – the courage to face problems, the creativity to solve them and the knack to bring other team members along – is highly valued in any lean company and one of the secrets to lean success. What's more, this kind of leadership can be taught and learned.

"We say at Toyota," says Akio Toyoda, the company's president and CEO, "that every leader is a teacher developing the next generation of leaders."



## EXECUTIVE SUMMARY

In the past, leadership meant driving change through facts, fear and force. In today's brave new hyper-connected world, true lean leadership means convincing your workers that change will benefit them, listening to their concerns, and letting them choose to follow you of their own free will.

### Leadership in the past

How could leadership be learned?

Traditional thinking has been all about leaders being born, not made. Leadership studies are obsessed with finding out what leadership “traits” or “qualities” a leader should have – in the terms of British businessman Cecil Rhodes (of Rhodes Scholarship fame) “the moral force of character and instinct to lead.”

But after a century of research, none of these traits have been pinpointed. Real-life leaders differ too much from each other. In the end, leadership is simply the skill to enlist aid and support from others to achieve a common goal. In practice, leaders help their group to deal with unfavorable situations or circumstances and change things for the better.

But that form of leadership corresponds to the 20th century's obsession with standardized processes. The Industrial Revolution was built on division of labor and the automation opportunities it represented, as exemplified by Adam Smith's pin factory: By breaking down the pin-making process in separate, specialized steps, first, one could

improve individual productivity spectacularly and, second, mechanize some parts of the process with never-seen-before increases in production capacity.

At the turn of the 20th century, Henry Ford, building on Frederick Taylor's work, proved that standardizing machine tools and human operations could improve productivity vastly, ushering in the era of the corporation. With standardized technical and managerial processes (through financial make-the-numbers management), corporations could sell a single innovation right across the globe – think Coca-Cola, DuPont's nylon, McDonald's and others.

A small, bankrupt Japanese auto company in 1951, Toyota succeeded in becoming the world's largest automaker in a saturated market through steady growth over half a

century. When Toyota started its journey, GM, Chrysler and Ford were fiercely competitive as well as dominant. Toyota figured out that rather than standardize and protect one innovation, it needed to deliver a steady stream of new products, some innovative, some less so, to the market – pace was more important than disruption.

By offering the market reliability and variety at a reasonable cost through quicker product renewal than its competitors, it slowly pushed away the dominant companies, eventually driving General Motors into bankruptcy at the beginning of the 21st century. New tech companies such as Apple (a new iPhone every year), Google or Amazon are driven by the relentless need to offer the market new products at a regular pace.

**Pace was more important than disruption.**

These companies are not built on the intent of standardizing processes to replicate a single, protected innovation across the world, but with the goal of generating a steady stream of changes in their own products to, in Google's terms, follow their customers.

### Lean leadership saves a company

Today's tech giants were designed around the necessity of constant

change, but that's not the case with most other enterprises, from giant corporations to local manufacturers.

Christophe Riboulet is the CEO of Proditex, a medium-sized company that provides inspection machines to help pharmaceutical manufacturers improve the quality of their tablets and capsules. Proditex's high-speed machines use sensors such as cameras or lasers to "see" each product, analyze it and automatically make an accept-or-reject decision based on the pharmaceutical company's quality requirements. From its local base in France, Riboulet had carefully designed his company to be able to service clients right across the globe, from the United States to Korea, and worked hard for years at standardizing every process in the company.

In 2010, the impacts of the 2008 Lehman Brothers crisis rippled through the industry. The entire pharmaceutical sector was seeking its way and restructuring, and Proditex was under attack by fast changing market conditions, aggressive new entrants and quickly evolving technological solutions.

Riboulet was frustrated with his company's slowness at introducing new products and, indeed, making any change to solve its customers' problems with the machines. Technical issues had a way of looping back and devolving into internal bickering. Customers were getting frustrated with the company's sluggish response to their questions. Looking for a way out, Riboulet turned to lean and Toyota's steady but continuous approach to technical improvement.

Working with a sensei, he realized in the first year of his leaning efforts that the will to standardize all processes was itself at fault. Instead, saving the company required a complete lean transformation. The financial crisis, changing market conditions, the entry of new competition and the fast pace of technology evolutions put pressure on Proditex's ability to meet its customers' expecta-

tions. By practicing lean at the gembu, or workplace, leadership discovered the entire company's inability to listen deeply to its customers, understand what they required, and find out what improvements were required.

Now, "learning has become a priority so that everyone every day can learn something about customers and can share it to the rest of the company," Riboulet said.

"We also understood that we had to move from our static processes to a more dynamic approach," he said. "Traditional processes, put in place by managers and followed by workers, were slowing down our growth initiatives. On the product development side, we experienced long development cycles, delays due to constant rework and a difficult sales process constantly trying to close the gap between a product's capabilities and real individual customer needs.

"Instead of designing processes, we are now focused on developing engineers' skills, identifying and solving the right problems and letting customers pull our development flow. Constant learning and changing have completely redefined our processes and have given us the ability to quickly adapt them to the next changing condition."

#### Four keys that anybody can learn

Continuous change leadership cannot happen without teaching leadership to all employees. They must have the leadership to improve their work in order to better align with customer preferences and needs.

Studying Toyota's unique "lean" way of developing workplace leadership for more than 20 years has led to a radically different understanding of leadership, one that is dynamic, organic, yin-yang and inclusive – which anyone can practice and learn. Let's take a look.

**Dynamic:** What is the improvement dimension we should all be working on? Traditional leadership is all about going from one place to the

next, crossing a river so to speak. At General Electric, after having visited an Asian TV manufacturer, Jack Welch concluded that he had to abandon manufacturing altogether. He thought that GE could never compete and shifted to financial services.

In the process, he dismantled his company, laying off a third of its employees before rebuilding it through hundreds of acquisitions. He was, no doubt about it, a great leader driving GE from one type of business to another, but how can we learn from that?

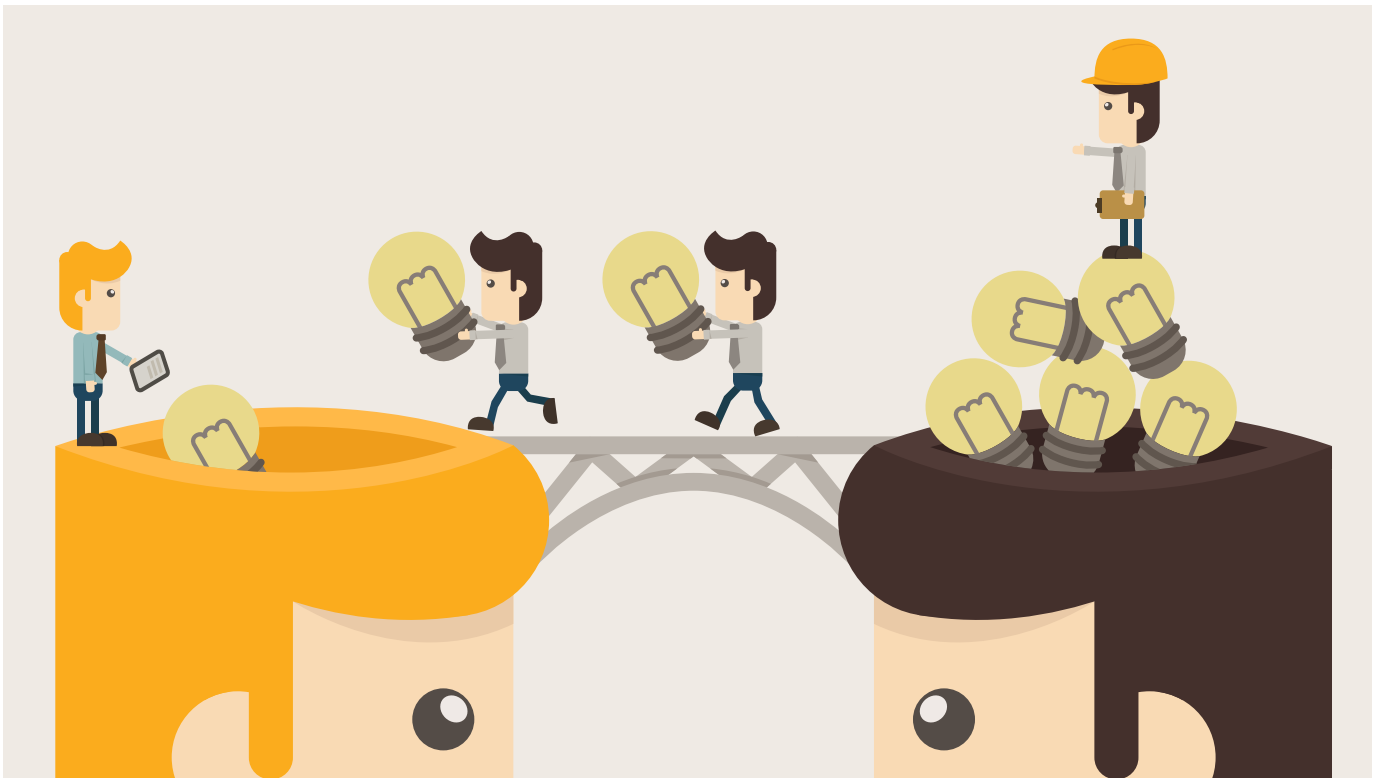
A gentler kind of leadership is one where you identify one key improvement dimension and work on it and bring people along. Lean thinking is a very powerful tool to spot quickly what can be improved in the team's work: safety, delivery, quality, flexibility, productivity, costs, etc. By practicing lean thinking daily, opportunities for improvement appear to everyone's eyes, and leadership is a matter of focusing on it personally and bringing others on board by listening to the obstacles they face and helping them overcome them one problem at a time.

This is a dynamic approach to leadership, as the destination is constantly changing as new problems and opportunities are identified. As we improve, new doors appear, which we can open and continue on even further.

**Organic:** You become a leader by developing leadership skills (technical and political) in others. In the traditional model of leadership, the river has to be crossed by building a bridge and pushing people across it. In the lean form of leadership, change is achieved when each person understands the improvement dimension and sees what they can do to contribute to it singly and by working with each other. Leadership is not about building a bridge but growing trees, which is why Toyota's own image for its global vision is a tree as shown on Toyota's website at [www.toyota-global.com/company/vision\\_\\_philosophy/](http://www.toyota-global.com/company/vision__philosophy/)

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[toyota\\_global\\_vision\\_2020.html](http://toyota_global_vision_2020.html).

A tree grows because each leaf seeks the light of the sun. Similarly, team members grow because they seek to orient their work in the improvement dimension you emphasize and model by your own behavior. Their ideas matter; their initiatives matter; how they react to ambiguous, changing circumstances matters – leadership is a matter of organic growth achieved through developing people.

As writer Alan Deutschman put it vividly in his study of Toyota’s approach to change, we need to abandon trying to change others through “facts, fear and force” and learn to engage them through “relate, repeat and reframe.” Every person is seen as a tree, which needs to be nurtured carefully by both strengthening roots (deep understanding) and growing leaves (help them to work on stretch problems.)

**Yin-yang:** In Chinese philosophy, yin and yang are concepts used to describe how apparently opposite or contradictory forces are really complementary, or a duality forming a whole.

Seven habits are required to identify and develop lean leadership: 1) go

and see for yourself at the workplace to find facts firsthand, 2) challenge employees to see problems and relate them to the overall improvement intent, 3) listen to the obstacles they face (or think they face), 4) teach them problem-solving and develop their autonomy in solving their own difficulties, 5) support their initiatives and give them permission to try new things on their own, 6) develop teamwork through each person’s ability to work with their colleagues across functions by creating opportunities to do so and helping them overcome silo-mentality, and 7) learn from what they learn.

As teams, led by their team leaders, they will challenge policies that you’ve instigated as a leader and open up new opportunities for progress you might not see. Learning to study workplace solutions to practical problems to draw strategic implications is a key skill.

These seven behaviors are difficult to balance. One can challenge too hard, which creates pushback from team members who might think that demands are unrealistic and too stressful. In this case the leader

creates obstacles in people’s minds. Conversely, too much listening will lead to “not invented here,” “can’t be done,” “why fix it if it ain’t broke” and so on.

Each of these leadership behaviors can be seen as a yin-yang element where they’re always in flux and never quite in balance. But learning to master two steps forward one step back is an essential part of leading others successfully. Compromise is not a bad word. In fact, it’s the key to finding balance.

**Learning to master two steps forward one step back is an essential part of leading others successfully.**

**Inclusive:** Any change creates perceived winners and losers. Leadership of the 20th century has been one of front lines where one population replaces another at the top of the pile, which has been, overall, incredibly destructive of mutual trust. Jack Welch would claim outright that, every year, the bottom 10 percent of his managers had to be fired, irrespective of absolute performance, as the top 20 percent were rewarded with bonuses and options. Such an extractive mentality (the top people always squeeze more value from the bottom people) has led to terribly inefficient companies with low trust,

high turnover and oversized investments.

People will willingly participate in any change if they see and experience what's in it for them. Inclusiveness is about learning to stand in other people's shoes, see from their eyes and figure out how they benefit from the improvement you're seeking. Benefit doesn't mean something that you think should be an advantage to them. Benefit means being able to complete the phrase "as you've asked me, this improvement will allow you to ..."

Benefit has different meanings from person to person. Inclusiveness is a learned skill as well. It starts with the insight that 100 percent solutions are wrong because, for the change to be sustainable, every person involved will need to be brought on board and lead it in their own area. In order to do so, they will adapt solutions to their work environment. The extractive approach will do so by brute force and "or else..." But in today's more open and fluid world, how likely is that to work before people just think "whatever" and vote with their feet?

Learning the lean approach to leadership has radically changed Proditec's management perspective. The company moved away from a mechanistic to a more organic human resources approach. Challenging the management team on problem-solving led to new leaders who were assigned to new responsibilities that, in the past, had never been identified. This allowed Riboulet to spend time with them to develop their technical and leadership skills, which, in turn, helped ensure that the new leaders were developing the other employees they worked with.

"At Proditec, we have now stopped trying to solve our largest business challenges with 100 percent solutions," Riboulet said. "We acknowledge that there is no one single good answer, and that the real challenge is to balance short-term and long-term opposite constraints. As a CEO, my role is to make sure that the

learning process is constantly in place. While large challenges are identified, we define smaller challenges to work on, quickly try some solutions and learn from the outcome. As a result, our understanding of the larger picture gets better, which allows us to refine our largest challenge ... and to iterate."

This only works if the entire workforce is included in the change process. For example, when the company started in 1987, manufacturing and assembly of the machines were 100 percent externalized. Working with inside teams and outside suppliers, the sides learned from each other. Proditec eventually decided to internalize the assembly and to create a supply chain team. This allowed the company to create new positions and new responsibilities in order to increase quality, reduce lead-time and generate valuable feedback to develop engineering skills.

It took years of questioning, testing and implementing changes in the company one after the other, but eventually Proditec was able to release its new generation of machines in less than four months. The machines, called TEONYS, were designed to be smaller, simpler, faster, configurable and adaptable to customer needs – all things that wouldn't have been known without listening deeply to customers, as the previous competitive race had been to push more and more features into a product.

"I now realize that to keep innovating at the pace customers expect, the entire company has to be designed around continuous improvement," Riboulet said.

### **The future means flowing leadership skills downward**

Challenging and respecting employees is the key to developing leadership at all levels. Respecting employees, in the lean sense, means first and foremost to guarantee that they are safe from physical harm and harassment. Second, it means committing to their success by developing them

through one-on-one training in work standards and problem-solving as well as participation in cross-functional improvement activities.

Finally, respect means giving one's best effort to understand personal difficulties as well as finding the best possible place for people to use their strengths to the fullest of their abilities. But respect has no substance unless one leads first. Leadership in the 21st century is no longer about how many people you can shanghai into your navy but how many free thinkers will choose to follow you of their own free will.

Leading with respect is a learnable (and teachable) skill where practice can make perfect. With every new attempt, with every new half-win and half-loss, you can reflect and improve on your leadership practice and progress – these are not inborn traits, but acquired habits.

Mastering mindful lean thinking will enable you to better spot the high-payoff improvement dimensions. Developing people organically will free you to grow loyal allies and benefit from their insights and initiatives. Practicing the yin-yang qualities of workplace leadership will allow you to learn the ever-changing flow of pulling people into the pool to get them to start swimming and supporting them when they flounder. Focusing on inclusiveness case by case will progressively teach you to build an all-encompassing organization that will grow sustainably with more creativity, less destruction and fewer wasteful side effects.

Leading with respect applies whether you are self-employed and need to convince your clients to adopt more innovative techniques or whether you run a billion-dollar corporation and need to adapt it to fast-changing markets and technologies. In today's fluid, real-time, hyper-connected world, the aim of leadership is no longer to create more followers but to develop more leaders. ♦

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