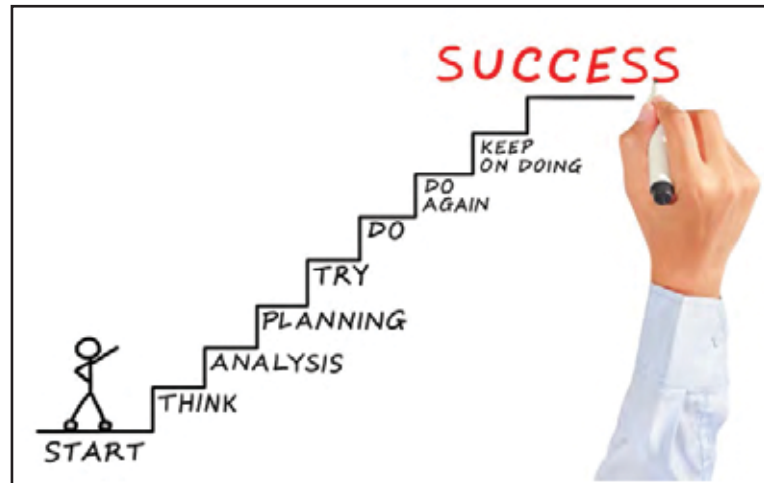


Businesses of all types can benefit from implementing the principles of Lean Thinking, Sarah Watson told delegates at the NZ Plant Producers Conference in May.

Sarah is a consultant with Christchurch-based small business training company, PeopleMAD. She works primarily with farmers, putting them through a Lean Thinking programme called FarmTune, which was developed by DairyNZ for improving efficiencies and productivity on farms. This report is based on her presentation



Why Lean Thinking is good for your business

“I’M GOING to talk about improving efficiency and productivity with Lean Thinking,” business consultant Sarah Watson told delegates at the NZ Plant Producers Conference in Christchurch in May.

“And I’m going to talk to you a little bit about FarmTune which is the programme that has been developed specifically for the dairy sector and delivered to dairy farmers. But the things I’m going to talk to you about are relevant to any business so hopefully there’ll be a few titbits in here for you to take away.”

The basic aim of Lean Thinking and FarmTune is to get everyone working in a business to do things easier, better, faster and safer, get better results, increase and improve productivity, and have a better quality product for customers.

Although Lean originated in the US and had been around for many

years, Sarah said it was car company Toyota that embraced it seriously after World War 2 and brought it to public prominence.

“The Japanese word for the Lean concept is Kaizen, which has a lot more value to offer us in terms of understanding what Lean is really about. Kaizen means Change for the Good or Small Change and that’s really what applying Lean Thinking to your business is all about.

“It’s about involving your people and enabling them to make small changes every day that are heading you in the right direction. Small beneficial changes.

“And the great thing with small

changes is they’re easier to sustain, to actually capture and to do. Big changes take a lot of energy and effort to achieve.

“The core of Lean Thinking, if you like, is around culture. Most people like to think they’re in the camp that sees the glass as being half full. They are the optimists. Pessimists see the glass as half empty. But a Lean Thinker will be asking the question, why is the glass so big? Why is it bigger than it should be? Is there a better way to do this? That’s what Lean Thinking is all about.”

Sarah said when Toyota initially began implementing the principles of Lean one of their aims was also to make a big percentage of their staff redundant. There was a backlash from that and their people were saying ‘let us help to improve the productivity.’

The company took this idea up and one of their core principles became that nobody would lose their job because of improvements and efficiencies and also that the workers themselves would drive the whole process.

“And they are still practising and implementing that now, all these years later,” said Sarah, “so it’s not something that you just do once

and tick the box and move on. It’s about creating an environment or a culture where innovation is possible and the people who are doing the work are the ones who are able to identify and encourage what those innovations might be. So it’s a big chunk around people and people management and also a big chunk around systems and processes.”

Also basic to Lean Thinking is identifying and separating the things that add value to a product in the eyes of the customer, from the things that don’t.



Sarah Watson – a culture of continuous improvement

Sarah said a lot of research has been done that shows in the majority of all businesses as much as 50 percent of what they do does not add value to their products in the eyes of their customers.

“That’s an ‘oh my goodness!’ I’m telling you that probably 50 percent of what you

do doesn’t add value for your customers. It’s kind of a scary thought isn’t it? But you know, it’s also showing you a massive opportunity. Because if you can get even 10 percent of that wasted effort and convert it to value-added activity, what a difference it is going to make in your business overall.”

Sarah said most business people she talks to are in denial that they have so much waste in their systems but that will be because they have got so used to what goes on every day in their workplaces they don’t see the obvious.

“They don’t even recognise that what’s happening is not adding val-

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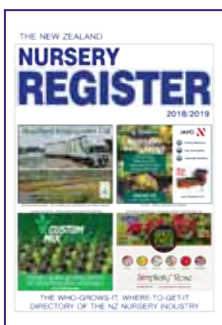
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ue. Walking backwards and forwards to get products or to get things that you need to do a job, is waste.

“You know, if you spend an extra 10 minutes a day going backwards and forwards, backwards and forwards, because the tools and things that you need aren’t right where you need them, that’s waste.

“There are a lot of places where waste hides in our systems and what happens with Lean is that it provides you with a set of tools to help you recognise those things. And then once you recognise them you are in a better position to deal with them, remove them from your system.

“One of the key concepts around Lean is that if you identify your waste you can eliminate it and turn the resource it frees into capability to improve efficiency and productivity. I quite often get asked: ‘we want to grow, we want to do more with the resources we’ve got – how do we do that Sarah?’ Well, it’s about getting more efficient with what you are doing because that then gives you capacity to be able to do more.”

Preparing for new technology

Sarah said Lean principles are also very useful in preparing a business for the introduction of new technology.

“In order for technology to make a difference in your business and maximize its value you need to have a good solid foundation first. And the core of that comes from having good work methodology and a strong efficient workplace.

“There’s no point in adding in technology if you don’t have your basics sorted. And if you don’t have an engaged team, how are you go-

It comes as a surprise to many to learn that more than 50% of what most businesses do is wasted effort

ing to get the best out of new technology?

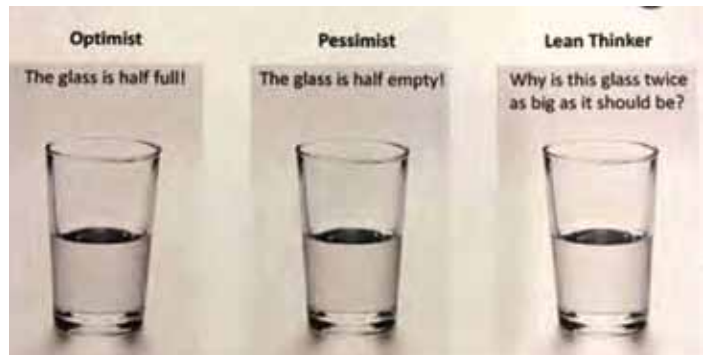
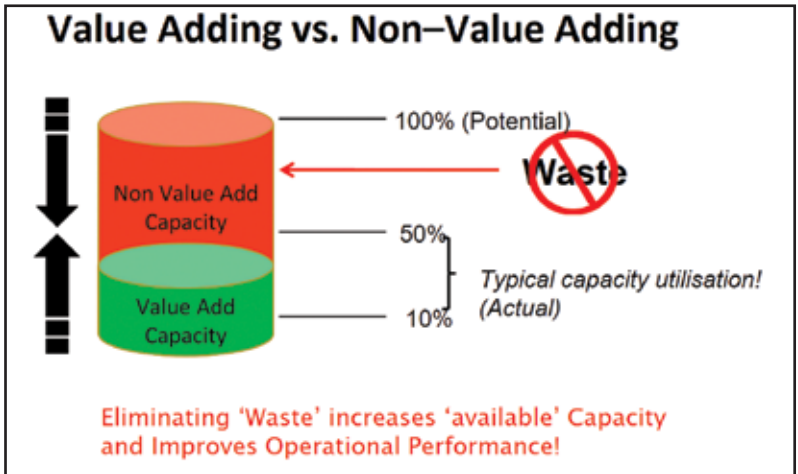
“The great thing about the Lean process and Lean Thinking is that it helps you to get the work methodology in place and efficient for a start.

“It is also a low-cost investment compared to technology. You are investing in your people, in yourself, your leadership and your knowledge and putting in place some really simple processes and systems. It is actually not hard at all, but it is not easy either because it takes time, commitment, energy and effort to do it. But in order to get the best out of introducing new technology, get your work methodology sorted first.”

Sarah said one of the key things she communicates to her farmer clients is the concept of continuous improvement.

“Is anyone here brave enough to say they’re perfect? Okay, great. There’s always one or two. But the good thing about not being perfect is that it means that there’s always an opportunity for improvement. It’s quite liberating to know you don’t have to be perfect. It means if you do something not quite right, that’s great, that’s an opportunity for improvement.

“The concept of continuous improvement is a really powerful one when we embed it into our businesses. It can help us to grow really well because it means we’re always looking for those things we can do smarter, easier, better, faster, safer.



Optimists see the glass as being half full; pessimists see it as half empty; Lean Thinkers ask 'why is the glass so big?'

“The core of continuous improvement is leadership. You have to have a really strong ‘why’, you have to get buy-in into the whole process and you have to accept that you’re not perfect and that you don’t have all the answers to all the problems. You must empower your team to start to look for solutions. They’re the ones doing the work and will often be the ones who see the things that can be done smarter.

“If you give them the confidence and the tools to be able to come up with solutions, that will start to make a difference. They’ll have buy-in, they’ll feel valued, they’ll feel like they can influence their

work environment and they’ll grow in confidence. Your people are your powerhouse.

“So we start with leadership. Then we need to find the wastes that are in our businesses. And one of the best ways to do that is to start to measure things, the day-to-day things that the guys in the field are working with. Then once you have seen those wastes, it’s about how you turn them from a problem into an opportunity.”

Sarah said when a problem is identified it is important that the root cause of it is found and understood.

“It is not just what we ‘think’ the



This tool cabinet has tools mounted vertically so people can see what's there. There is also a nearby re-stock checklist

problem is. Because if we just go 'oh well I think this is the problem and I'll slap my solution on', we just end up putting a Band-Aid on it or, as I tell my farmers, a 'workaround.'

"When you start getting people to talk through the processes they go through every day it's really interesting how many workarounds turn up. 'Oh well, we do this, this and this'. Well, why have you got a step in there that means you have to go to the office three times as part of that process? 'Oh well because we might not have the information we need or we've just got to double-check and make sure it's right because it's too easy to get it wrong – like put the wrong drug into a cow and then end up with a different withholding period than we expected.'

"There are lots of reasons why workarounds happen, but the core one is because we haven't done our root cause analysis properly. We haven't truly identified the root cause of the problem.

"The great thing about identifying the root cause is that when we put a solution in place we're more

likely to get a long-term sustainable benefit."

Sarah said she often gets asked by farmer clients: 'how do I get my people to take more responsibility? How do I get them to think for themselves?'

"Okay, people stop thinking for themselves when you give them all the solutions. Same thing happens with kids. If you keep finding their socks for them, guess what happens when they can't find their socks? They're going to come and ask you."

Set your people up for success

"It's the same thing with your people (staff). If you keep solving their problems they lose confidence to be able to solve them themselves. So every time they've got a problem they're going to come to you.

"The simple way to move away from that is to set clear expectations. Set your people up for success, allow them to make some decisions for themselves and encourage and support them to do that.

"Create standards so that people know and understand what they

look like and then build that culture. Does that happen, easily and quickly? No. It takes work and effort and commitment. But it's worth it."

As an example Sarah spoke about the 'hobby mob' that she says most farmers have on their farms. "This is a mob of animals which have got sore feet for some reason or another.

"It is really inefficient to have a lot of cows being kept in that hobby mob that actually should be back in the main cow mob. Their milk is defective, it can't be put in the main vat because they are being treated.

"If you've got a lot of cows in that mob, it could be because you're not picking up and identifying at-risk animals quickly enough and by the time they end up in that mob they're actually very lame so they take a lot longer to rehabilitate. Or it could be that they've just been sitting there and nobody has taken the time to put them back into the main mob.

"If you don't go and measure something like that, you don't really know exactly where things are at. There's no focus on it. There is a saying that 'what gets measured gets monitored and what gets monitored gets managed' and you're more likely to get people paying attention to it.

"So my key message here is to measure things that are relevant for your people, things that are linked to the waste in your business and things that you want your people to monitor and manage.

"Start with a few. It would be really easy to have a whole wall of things that you're measuring. Measure the things that are really core. Get those under control then move to something else. Get your team to help identify what areas they want to get better at, more efficient at and what areas they see waste happening."

Sarah said that under the Lean system there are seven standard areas of waste that have been identified in most businesses, and a possible eighth is "wasted potential in your people, ie not getting the best value out of your people."

The seven basic waste areas are:

Over-production

This is producing too soon or in greater quantities than you can sell



Waiting is a waste – like going to use a farm bike and finding it is waiting to be fixed

Below: re-work is waste – farm worker thought he was doing what he was told when asked to fix the electric fence to the posts – just didn't think to put the wire through the insulators . . .



so having product needing to be stored awaiting sale.

Unnecessary inventory

Holding too much raw materials or having too much work in progress.

Waiting

This is where people have to wait for products, parts, or a process to be completed before they can do what they are employed to do. "A really good example on a farm is going to use a piece of machinery only to find it is broken and no one got around to getting it fixed."

Transport

Too much transporting of product between processes.

Unnecessary motion

"This is a really common one on farms and I suspect it's a really common one for you in your nurseries as well. There will be way too much backwards and forwards motion by people just searching for things, not being able to find the tool they want or the part they want because somebody hasn't put it

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back where it belongs. This is a constant challenge for most of us in our businesses but it is really easy to resolve once you recognise where it's happening."

Re-work and defects

"Anyone ever had to re-do a job because it wasn't done right the first time? And was that because the person in the team was useless and just didn't do the right job?"

"People don't usually get out of bed in the morning thinking 'I'm going to go to work today and just do mess, just do stuff wrong.' What is generally the reason is that they weren't set up for success. If we're getting re-work our people didn't understand what exactly was required, they didn't understand the standard, they didn't have the training or the knowledge to be able to do what they were asked to do."

Over-processing

This is processing a product beyond the standard the customer requires, having too many steps in the production process, or using unnecessarily sophisticated equipment to do simple jobs.

"Little things add up," said Sarah. "It's the small things that cause waste. You think 'oh, that's not a biggie', but they add up significantly."

Good systems solve most problems

Good systems and processes are the key to success, said Sarah. "They standardise, they remove the variability. Standard operating procedures lock in the changes and remove waste."

"But don't ever think that systems and processes take away people's responsibility to think. They increase it because they put people in a position where the expectations are really clear and there's a

system in there for them to be able to come up with innovations and present them so that the business can keep improving."

Sarah said the All Blacks were a good example of how people in a team should focus on the process of reaching their goal, rather than on the goal itself. She showed a picture which she said was her favourite "because it's got Richie in it. If you ever heard any of Richie's pre-game speeches, he always talks about focusing on the process, focusing on the job they've got to do, focusing on the steps they've got to take as part of the game. You never hear him talk about the outcome. You never hear him talk about winning the game."

"Process and task, those are the things to focus on because they are the things that are going to make a difference to your scoreboard and your goal at the end. They are the keys to success. And they are the keys with Lean Thinking. Improve the process and the task to get the outcomes that you want."

Another principle of Lean is to ensure instructions to staff are very clear. This means using written instructions and visual images, not just verbal.

"We are talking about setting our team up for success. How do they know what the standards are? How do they know what we want? Most of us in a farming context rely on verbal communication, being able to tell people what to do and then being a bit grumpy when they haven't done what we wanted."

"Verbal communication is not that successful because most people don't get the whole message just from verbal communication."

"If I say to my teenage son, 'right I want you to go tidy your room.' Do you think the picture that's in my head of what a tidy room will

look like is the same as is in his head? No. The picture in his head will be stuff shoved under the bed and in the wardrobe and the door shut and maybe he might have pulled up his covers if I'm lucky. The picture that's in my head is that he's folded all his clothes and he's put them away and there's nothing under his bed – hmm, isn't that interesting?"

"How often do we give an instruction to someone to do something that we've got a really clear picture of in our head, then we wonder why they don't do it the way we imagined?"

Use visuals, not just words

"So part of Lean is about making sure we're using visuals, not just verbal communication and these instructions have to be where the job gets done."

"There's no point in having a manual for the standard operating procedures sitting on the shelf gathering dust. Standard operating procedures need to be visual and at the point of use."

Sarah said she also stresses to her farmer clients that they need to keep their workplaces tidy and organised "so that they can find things, so they are set up for success."

A tool cabinet she showed had the tools mounted vertically "so people can see what's there. And there is a re-order checklist because there's nothing more frustrating than running out of something you need. That's a lot of waste, especially if you have to wait for it to turn up before you can do that next step in the process."

Sarah said introducing Lean to a business is not a quick fix and also required time to be set aside and committed to it.



Process is king – in his pre-game talks Richie McCaw talked only about the process of reaching their goal, never the goal itself

"It's a real challenge and that's why you need the leadership because you've got to have a strong enough 'why'. You've got to be able to support and coach and involve and engage your people and keep them coming through and keep them committed. It's worth it in the end, but it isn't a quick fix."

"There are no quick fixes. Things that are worthwhile take time and effort and energy but the great thing about that is once you've got them you're not going to let them go."

"Lean requires support and patience and focusing on small incremental change because small incremental change is going to add value. This is not a one-year programme; it's a changing of the culture in your business forever."

Editor's Note: Nurseries interested in taking the Lean concept further in their businesses are welcome to contact Sarah Watson Ph 021 800-887. She says PeopleMAD is happy to work one-on-one to set up and implement appropriate programmes.

She also recommends a book called *The Lean Farm*, by Ben Hartman. "He's got a market garden in the States and has applied Lean Thinking to his operation. He's got some great wee stories in that book."

The book is available from Chelsea Green Publishing for US \$29.95.

See www.chelseagreen.com

Below left: a simple checklist to ensure the farm bikes get serviced – who is responsible, at what mileage, and the current mileage. Below right: checklist for farm workers preparing teat sprays combines written instructions with some visuals

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PIA	16350	15404

