

BREAKTHROUGH

Lean Implementation & Training Resource Publication
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TOTAL SYSTEMS THINKING

By Aaron Styles

INTERNAL FRUSTRATION

I had an interesting discussion with a department manager at a client today. For the purpose of this newsletter (and to protect his identity), I'll call him Zeke. Zeke's company is part of a multinational conglomerate and he found himself continually frustrated by the company's many functional silos. He was frustrated by an IT department that refuses to make simple improvements that would have an incredible impact on productivity. Why? Reason given, "Because we don't have the resources." I would submit to you that any organization that only looks at the resources needed to do an activity and does not consider the benefit (cost savings, margin contribution, cost avoidance, cash flow) is doomed to eventual failure. It might take a while, but that kind of thinking will kill the entrepreneurial spirit and will eventually kill a company.

Zeke was also frustrated by people in the departments that he supplies to, since they did not recognize that his problems are important to them because if he can't solve them, they will suffer as a result (poor quality, late delivery, high cost). I guess it is a human tendency to compartmentalize and centralize. There are still many people who think that is the most efficient way to run a company. I have never seen an example where those two approaches improved service level or efficiency. Most often, they just ensure that smart people do dumb things.

ARE WE CRISIS-DRIVEN?

Zeke observed, "It's like passengers on a boat. There is a hole in the hull and water is gushing in the starboard side, but the people whose cabin is on the port side are unconcerned because the hole isn't on their side of the ship. They don't realize that they will all sink together."

"I was in the Navy," Zeke continued. "If there was a fire on the ship, you would see 250 men who under normal circumstances wouldn't get along working together to put out that fire, because they understood that they were 1500 miles from land and if the fire wasn't contained, they would all die. So they all worked together to put it out."

Everyone reading this will readily agree that in any organization, all decisions should be made based on what is best for the company (total cost). Yet most, if not all, of us have made decisions that we knew were not best for the company because it would somehow benefit us individually in the short term (raise, bonus, promotion, etc.). Some of us do it habitually. So while we will readily agree what is best to do, we find it hard to do it.

The root cause lies in the organizational culture. A "crisis culture" is one that is only results-oriented. The catch phrase for a "crisis driven" culture is, "I don't care how you get it done, just do it." Hallmarks of such an organization include a lack of standardization (which is mistakenly referred to as "flexibility," but is in reality variation), expediting, juggling schedules and doing work-arounds because the processes are broken. "Heroes" run these organizations and they expect "hero effort" from those around them. While there might be a lot of complaining about the long hours worked and the constant crises dominating the time of the leaders, those are the behaviors that are rewarded and reinforced. No one in such an organization thinks there is time for improvement, standardization, or working in the process.

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CULTURAL IMPACT

Total Systems Thinking is a principle that can help management lead their organization away from the "crisis culture." The principle is that as we make any decision, we determine what is best for the total system. What will yield the lowest total cost of the product? What will yield the lowest lead-time from order receipt to order fulfillment? What will yield the highest margins? What will produce the greatest market share? These kinds of questions help guide decisions, which will be best for the company, as opposed to a department, function, or individual.

We see failed deployment of this principle all the time. It usually begins with management asking team members to begin behaving differently without changing the systems, structures, policies, communications, and leadership styles that are causing the behavior. If management wants to change this, they must start by changing management.

The Culture of an organization is defined by the Behaviors of the people who are part of it. The Behaviors are driven by the Expectations of management. Yes, believe it or not, by and large, your team members do exactly what you expect them to. Not what you tell them to, but what you expect them to. Your expectations as a manager are communicated by the example you set. So if you want your organization to begin to adopt the Total Systems Thinking principle, you must adopt it in every decision you make. As you discuss decisions that need to be made, you need to ask questions about what impact each alternative is likely to have on the Total System. You need to review your bonus structure, the metrics you track, the reward and recognition systems you have in place, your policies and procedures and question whether they communicate Total Systems Thinking or not.

In most organizations, we find there is a lot of work to do in this area. We also find that management teams are often blind to the causes of the "crisis culture" and lack experience in changing it to a Total Systems Thinking culture. LMSPI is a team of seasoned veterans. We know how to see the total system and guide our clients to Total Systems Thinking. If you are living in a "crisis culture" and can't see the way out of it, call Jason Manarchuck to arrange a no-cost introduction meeting. We will review your current situation, problems, challenges, and opportunities and explored how we can collaborate and lead your organization to a new way of thinking. A way of thinking that will reduce total cost, improve profitability, and improve market share. Let's get started today!

Visit www.LMSPI.com to schedule an introduction or [just click here now](#) to learn more.

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FOCUS: Review LMSPI Services, Deployment and Workshops In Detail

Have you reviewed past editions of this newsletter and thought you'd like to see "in detail" the actual process we follow for implementation? Are you looking for resources to facilitate a specific workshop or training module to help your team improve? Visit our [Services](#) Tab on LMSPI.com to go deeper. You can click on each link to get as detailed as you prefer. [Go straight to Services now.](#)

Stay tuned!

The next publication on the horizon addresses principles around Mastering Manually Before Automating.

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