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REPRINT 0513112114

**Management Control: Lean Management**

by Göran Nilsson

Mercury Magazine 2013-2014, Autumn/Winter  
(Special Issue on the New Media Landscape),  
Issue 5-6, pp. 112-114.

**Mercury Magazine** issue No. 5/6, [Autumn/Winter] 2013/2014. Copyright © 2013, The Department of Business Studies, Uppsala University. All rights reserved. Reproduction of the printed magazine in whole or in part without written permission is strictly prohibited. Mercury Magazine ISSN 2001-3272 is published by the Department of Business Studies, Uppsala University, Box 513, SE-751 20 Uppsala, Sweden. This reprint is available for free at [www.fek.uu.se/mercury](http://www.fek.uu.se/mercury). Annual printed subscription rates for non-alumni and non-students at the Department are 399 SEK, Euro 60, \$60, £35. To subscribe please email your order to [info@fek.uu.se](mailto:info@fek.uu.se).

Mercury Magazine is the official magazine of the Department of Business Studies at Uppsala University



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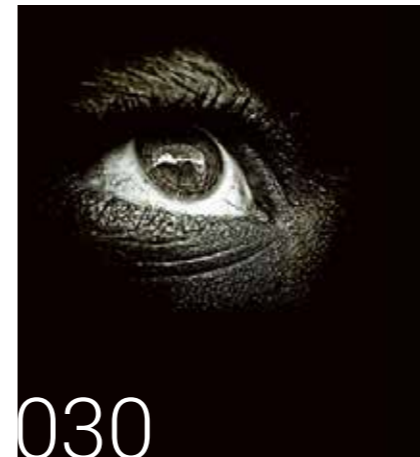
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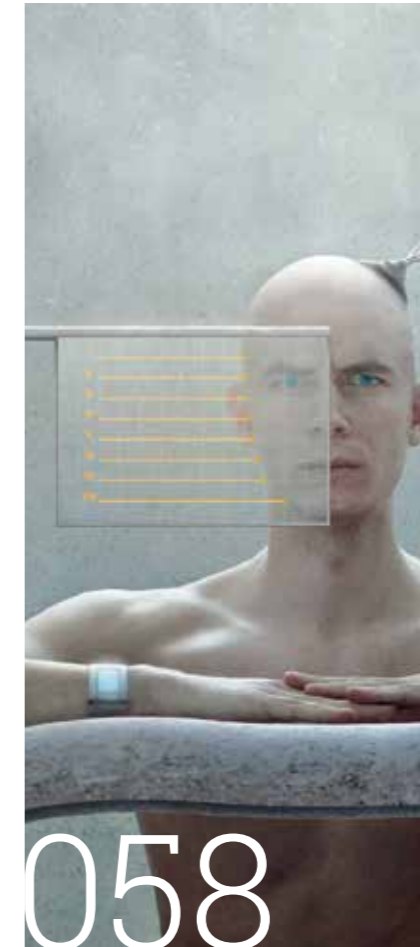
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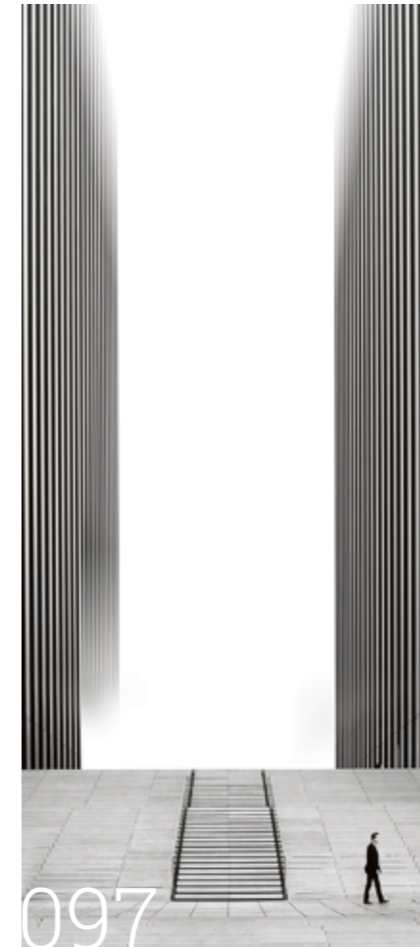
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/ While the worshipers seem to think that Lean is the solution to practically every problem in organizations, the other side seems to think that it is just a totally useless bureaucratic endeavour. /

**Not only is Lean Management probably the by far most used concept for organizational change and improvement today, it also seems to provoke more feelings than any other management concept around.** The feelings are indeed both positive and negative, almost ranging from worship to hatred. While the worshipers seem to think that Lean is the solution to practically every problem in organizations, the other side seems to think that it is just a totally useless bureaucratic endeavor that prevents them from doing a good job.

Even if the reason for the divergent feelings to some extent is because of what is labeled as Lean differs substantially from implementation to implementation, I believe that the positions of both the extreme camps can be criticized. The worshipers can certainly often be criticized for seeing Lean Management as a goal in itself rather than a means to reach certain goals. The other camp can often be criticized for being conservative and not wanting to focus on the needs of the customers/users/patients, or collaborate closer with their colleagues, if it means that they have to change how they conduct their work. As an attempt to lighten up the polarization in the debate, as well as a wink to Jeffrey Liker and the fourteen principles from his bestselling book *The Toyota Way*, I will here present fourteen principles for what I hope may contribute to a more nuanced view on Lean Management.

**1 Follow Liker's principle No 1.** I have included Liker's first principle in my list since I find it as important as it may be difficult to follow. The principle goes "Base your management decisions on a long-term philosophy, even at the expense of short-term financial goals." Organizations that manage to follow this principle have come a long way, with or without Lean Management.

**2 Lean is a means to an end, not an end in itself.** At Toyota, where the roots to Lean can be found, they are surprisingly pragmatic when it comes to their work with Lean. They may even experiment with changes that are all against the Lean principles, such as building of stocks, if they think it can help them reach their goals.

**3 Lean must be adjusted to the specific situation the organization is facing.** It is not very likely that exactly the same way of working with Lean is the most appropriate in a factory as in a restaurant. One important difference is to what extent the working processes can be standardized and to what extent they have to be adjusted to customer requests during the actual process.

**4 Lean must be adjusted to the specific strategy the organization is deploying.** It is neither very likely that exactly the same way of working with Lean is the most appropriate in a Guide Michelin-starred restaurant as

in a McDonald's restaurant. In a McDonald's restaurant the customers are quite likely to accept that they have to wait in a line, or that every request cannot be satisfied, but that is not very likely the case in a Michelin-starred restaurant.

**5 The philosophy is more important than the technique.** It does sound like a cliché, but most of the techniques in Lean, such as Six Sigma and process mapping, are of limited value if not combined with the philosophy of customer focus, quality, communication, cooperation etc. And it is not enough to just say that one adheres to the philosophy, it has to be a fully integrated part of the culture.

# LEAN MANAGEMENT

Göran Nilsson provides 14 principles for a more nuanced view on the subject.



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**6 The culture is more important than the bureaucracy.** In line with the previous principle, it is more important to have a culture where everybody is cooperating to fulfill the needs of the customers, than to fulfill the bureaucratic demands in Lean. I have seen exceptionally successful implementations of Lean without any of the bureaucratic routines, such as the process mapping, being used at all.

**7 Lean is based on the involvement of the employees.** A successful implementation is not (just) about changing managers and experts. It is about involving every employee at all levels. Selling the concept to the employees is thus a must, and a task that usually is severely underestimated. As a good friend and Lean guru Anders Hugnell points out; implementing Lean with the goal to reduce staff is a certain way not to get this involvement.

**8 Lean requires more cooperation and communication, not less.** It is not unusual that activities such as process mapping, lead employees to believe that they do not need to cooperate and communicate as much as without the process maps. After all, now they can just follow the maps and work descriptions without talking to others. This is not in line with the intentions behind Lean, nor does it very often lead to a successful implementation.

**9 Lean requires broader tasks and responsibilities, not narrower.** An important part of the Lean concept is decentralization, which means that persons that used to perform narrow and repetitive tasks, now also get used to perform task of management and administrative nature. Another feature is the ambition to increase the integration in the organization, e.g. by using more cooperation in the work processes. Not too seldom the Lean concept is used the other way around, trying to transform advanced and complicated tasks into narrow, simple and repetitive ones.

**10 Lean requires more intellectual work, not less.** In line with the two previous principles, Lean should lead to more intellectual work, even if we quite often see examples of the opposite. This is a very serious problem, since the whole idea behind Lean is to make better use of the intellectual abilities among all employees, e.g. in the improvement work.

**11 Making the customer happy is more important than following the process.** A considerable amount of attention is devoted to the working processes in Lean Management. The intention is that the processes should be as effective as possible in satisfying the customers; not that the processes should be followed at any cost, including less satisfied customers.

**12 Just standardizing the processes is not Lean.** Standardizing processes is not specific to Lean, in fact it is deployed in many management concepts, including Scientific Management and Fordism. Despite this, it is not uncommon that organizations that try to implement Lean basically focus on standardizing the processes and forget about creating customer focus, integration and flexibility. It is a great irony that the Lean trend has led to many organizations implementing what more resembles Fordism, a management concept that has been overthrown by Lean Management in a large number of industries.

**13 Standardized processes may never hinder improvements.** According to Jeffrey Liker, standardized processes are a requisite to continuous improvements. But I have despite of that seen examples where the standardization actually prevents or at least slows down the continuous improvements. This is very much against the intentions behind Lean, and when this is the case, the standardization actually does more damage than good.

**14 Process maps should create a good overview.** The idea behind process maps is good; they should help managers and employees to get an overview of the processes. But I have seen examples where the process maps are so detailed that they only make employees focus on the part of the process where they are involved themselves. An old colleague of mine who is an expert on process mapping, Christopher Tolis, claims that a process map should never be more extensive than to fit on an A4 paper.

It is my hope that these principles to some extent will help the worshipers to get a more nuanced and perhaps less technical view of Lean. It is also my hope that it to some extent will help the ones hating Lean to see aspects in Lean, such as focusing on the needs of the customer/user/patient in a more conscious way, communicating and cooperating with others in the process and trying to continuously improve how they work. I believe that aspects like these can benefit most organizations.

Still, I realize that I am running the risk of being accused of being a bit fundamentalist myself when I make my statements above. Why should an organization choose to not implement Lean in a way were they focus on standardizing the processes and more or less ignore the philosophy of Lean, if they find it beneficial for their goals? My answer to that is that by all means, implement what I prefer to call Fordism if you like and find it useful! This may very well be beneficial in situations where cost is more important than customer focus, integration or flexibility, but do not expect it to lead to goals such as these! My main concern is that many organizations seem to implement Fordism, expecting it to lead to the goals of Lean Management, such as higher responsiveness to changing markets. The reason why Lean Management overthrew Fordism in the car industry was that Fordism failed to create customer focus, integrated organizations and flexibility, and I do not see any reason at all why it would succeed now! ■

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## Lean Management

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Lean Management is a management philosophy inspired by the Toyota production system. Lean Management can be deployed in different ways, but a common theme is a focus on the processes and on making the processes as effective as possible, as opposed to making every single activity or the use of every single asset as effective as possible. Lean Management became popular initially in the car industry in the eighties and nineties and eventually spread to all types of manufacturing. Lately it has also had a great impact on the service industry and particularly on health care organizations.