



The Days of Lean Management and Six Sigma are Definitely NOT Over

Logipi community members respond to Gallup CEO interview

The Logipi Community Says Lean and Six Sigma Are Alive and Well

When I came across the Q & A session with Gallup CEO, Jim Clifton, at Gallup Management Journal, I knew I had to bring it over to Logipi for discussion. In the article, Clifton said, "Businesses have maximized every possible benefit from practices based on neoclassical economics, such as Six Sigma, reengineering, and total quality management." He also said, "The significant competitive advantages from these practices have hit a point of diminishing returns."

Well, the results are in, and the Logipi community has spoken. The days of lean management and Six Sigma are definitely not over, but as Bruce Spurgeon commented, it may provide "less advantage than before." Several other community members agreed with Nigel Johnson, who said, the lean management and Six Sigma era is not over, but perhaps needs to "evolve beyond the current objectives."

Among the handful of dissenting opinions on the subject, was also that of Robert Van Sleet, who referred to lean and Six Sigma as a "fad." He went on to say that the effectiveness has worn off and "made way for other programs that are industry specific, such as 3PL/DC labor management programs." Priyanka Manthena agreed to the extent that he says, "Lean and Six Sigma are terms that are "over-hyped," although he adamantly states, "I believe in the power of lean and Six Sigma." Many others, like Richard Cushing, concede that the effectiveness of lean, TQM and Six Sigma may have been lost on companies where "it was poorly applied or applied as 'the next management fad.'"

The most commonly cited rationale for stating that process improvement is not obsolete is the pure and simple fact that there will always be room for improvement. Bruce Spurgeon backed that opinion when he wrote, "We still have lead in toys, milk, etc. We still have companies missing customer orders. We still have companies that have never used lean, Six Sigma, etc., and are falling behind those who do." Brian Leapman agreed, "I would point out that a lot of companies have not done lean, Six Sigma still. If they have, I have yet to see a business that has driven it through all the functional areas, for instance finance is largely a virgin territory."

The Human Side of Lean, TQM and Six Sigma

As I knew they would, many in the Logipi community voiced very strong opinions regarding Jim Clifton's assertion that lean management, TQM and Six Sigma somehow fail to consider the human element.

In response to that line of thinking, Dave Salisbury said, "Horse Pucky... Human capitalization is a leadership function. It helps in a supply chain to have a strong personality in leadership, a strong HR team, but at the end of the day, even leaders who struggle can motivate the human factor. TQM, Six Sigma, Lean, ISO, etc... are all flavors of leadership styles that can motivate large groups of people. These programs are not a replacement for strong leadership, nor are they a cornucopia of answers to every manufacturing question, supply chain issue, or an end-all, one-size-fits-all solution."

Adam Zak suggested, "Mr. Clifton might want to do a bit more reading and research about the basic foundations of lean and Six Sigma, especially the two core principles of lean, 'respect for people' and 'continuous improvement.' I don't believe he'd still be asking if these critical leadership concepts have outlived their usefulness. By way of suggested reading, let me direct him to a great primer, "Human Sigma," authored by two of his Gallup colleagues."

Vic Uzumeri added, "I can understand why a CEO of Gallup would want to pretend to himself that everything in the future will be driven by opinion. People who think that 'states of mind' are the driving force in economic activity generally don't like to mud-wrestle with messy, practical reality. He starts from the premise that we have extracted all of the value from lean and Six Sigma. What is he smoking? Who do you know a company that has come even close to fully tapping the value of lean? WalMart? Toyota? Maybe a few dozen/hundred others? Beyond that?" [crickets]

And perhaps David Maltby hit the nail on the head when he wrote, "Gallup of course has a vested interest in punting an idea that proposes 'opinion' becomes a quality driver rather than analysis, expertise, hard work and methodology. They can't sell Six Sigma but they can sell opinion polls. Maybe this is just a stunt to drive traffic to the quoted site."

“

Businesses have maximized every possible benefit from practices based on neoclassical economics, such as Six Sigma, reengineering, and total quality management. The significant competitive advantages from these practices have hit a point of diminishing returns." --- Jim Clifton, CEO on Logipi

Printed in Logipi.com

”

Outsourcing Does Not Guarantee Price, Quality or Lean

RAnd finally, many had a bone to pick with Jim Clifton's opinion that, "Quality and price don't matter as much. And if you're staking your business on them, you're in danger. With globalization, almost everything can be made just as well or more cheaply somewhere else."

Clearly, in Michael Goodson's mind, improvements in outsourcing, quality and price can all be tied to improving business processes, "I don't agree that top quality and best price can be achieved by outsourcing. Provider facilities will always benefit from a structured methodology to identify and remove waste from their business processes, whether that is accomplished by Lean Management, Total Quality Management or Six Sigma."

Keith Bowers chimed in with, "The interesting comment in the article was that it said that everything can be made cheaper and better somewhere else. Does the author think that the product just magically starts getting made better on its own? Outsourcing does not mean that those organisations are LEAN. Even if they are leaders in their class there are still large piles of untapped waste. One large supermarket chain has over \$100 million of cash flow, plus \$20 million in packaging, plus 10% of all stock over provided, and 20% excess work, in what is supposed to be a LEAN supply chain. Just because you have done LEAN doesn't mean you have found all the VALUE!"

If Process Improvement is Evolving, What's Next?

After pouring over all the insightful comments written by members of the Logipi community, it became clear that we still believe in all forms of process improvement, and the notion that companies have wrung the last beneficial drop out of lean, TQM and Six Sigma is simply off the mark.

Commenting on Jim Clifton's statement that General Electric's Jack Welch did Six Sigma so well that there was nothing left for his predecessor to Six Sigma, Bruce Spurgeon made this astute observation, "As to the point that GE has nothing to improve via lean/six sigma, this is ridiculous! A leading consumer magazine reports that GE quality ranks last in washers, 6th in dishwashers, 4th in refrigerators, etc."

Darrell Rodgers added, "Lean and Six Sigma are timeless, fundamental tools to identify the areas of greatest opportunity and eliminate waste. The tools do not become obsolete once a goal has been met. You re-apply the tools to the new conditions. The lean philosophy should adapt and evolve as the company culture changes and processes improve."

Leona Charles, too, does not believe that process improvement has a clear beginning and end, "Most of my experience with Six Sigma negativity," she wrote, "has been the result of a lack of understanding of the tools or poor implementation. Many times it is a combination of both. What businesses have to realize is that any tool is only as good as your understanding and application of it. Quality business solutions are going to be an on-going process that will require you to consistently monitor and measure your business activities; there is no quick fix. There has to be some real dedication to changing the way your organization does business."

If, as we seem to agree, lean, TQM and Six Sigma are constantly evolving, where should our focus be?

Brian Leapman wrote, "If you are asking where the leading edge might be, then pattern management and behavioural patterns look to have some very interesting insights for the management of society and supply chains."

I think Tom Riley summed the entire debate up nicely when he wrote, "There will always be a place for lean, Six Sigma, TQM, etc. Why? Because there is always room and opportunity for business process improvement to increase customer satisfaction, operational efficiencies, and ultimately a company's bottom line."

Check Out the Latest Logipi Interview of the Subject of Lean

Before I close, I would like to point you in the direction of a new interview, and companion article, on the subject of taking lean management beyond manufacturing. More specifically end-to-end lean management, an area I personally see as the future of lean. Check out what, Robert Trent, the Co-Director of the Center for Value Chain Research at Lehigh University, has to say about it.

Copyright 2009 Logipi Corporation. All Rights Reserved

*This copy is for your personal, non-commercial use only. For non-personal use or to order multiple copies, please contact Logipi Corporation at +1(847) 380-9613.
Logipi - Branding Platform for Visionary Supply Chain Professionals +1(847) 380-9613*


Skype: [dustinmattison](#)
www.logipi.com