

Gemba Academy Podcast Episode 53: Rick Harris

Announcer: You're listening to Episode 53, with Rick Harris.

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Announcer: Welcome to the Gemba Academy Podcast, the show that's focused on helping individuals and companies achieve breakthrough results using the same continuous improvement principles leveraged by companies such as Toyota, Del Monte, and the US Department of Defense.

Here's your host, Ron Pereira.

Ron Pereira: Hey there, this is Ron Pereira from Gemba Academy. I'd like to welcome you to another edition of the Gemba Academy Podcast.

As always, thank you so much for taking time out of your day and your week to listen to the podcast and for watching our "Lean & Six Sigma" training videos over at www.GembaAcademy.com. We definitely appreciate each and every one of you.

Today, I'm excited to welcome a person that has had a massive impact on my personal lean journey, and that person is Rick Harris.

Longtime lean practitioners have almost certainly leveraged the many workbooks the Lean Enterprise Institute has released over the years. If you're like me, aside from "Learning to See," you probably don't even remember the names of the books, but you do remember the colors of the books.

Well as it turns out, Rick Harris has co-authored the "red" and "green" books, which are focused on "Creating Continuous Flow" and "Making Materials Flow." Now I can safely say that these two books have had a massive impact on my personal lean journey. In fact, I literally wore these two books out with notes and highlighter marks all over the margins and pages. So needless to say, it was quite fun to interview Rick.

As you'll hear, Rick is an extremely talented lean thinker, who spent many years working at Toyota in various team member and management positions. Since Rick shares so much information in this episode, we're going to transcribe the show and make it available as a PDF download. You can think of it as a free e-book full of incredible lean thinking wisdom.

You'll be able to download this PDF and access all the other notes and links that we talk about over at www.gembapodcast.com/53. OK, enough from me, let's get to the show.

[music]

Ron: All right, Rick, well thank you so much for coming onto the show. Where are you calling in from today?

Rick Harris: I'm actually calling from sunny Murrells Inlet, South Carolina, where it's 73 degrees today, so it's beautiful.

Ron: Beautiful. It's warming up here in Texas but goodness we've had -- it was 70 and then we had ice a few days later. [laughs] It's all over the place here, so I look forward to constant warmth here. It sounds like what you have there.

Rick, I wanted to start by saying how much I appreciate the work that you've done. I have literally, and I mean this, you can't see it because we're talking, but I have literally worn out my copies of "Creating Continuous Flow" and "Making Materials Flow," which I'll be honest with you, we never called them that, we just called them the red book and the green book. [laughs]

Rick: That's the same with me. That's all I ever refer them to, as the red book and the green book.

Ron: Thank you for writing those. Boy, they sure helped me. I've used them so many times throughout my career. "Learning to See" and all the rest of them were good, but it wasn't until the red book that it felt like, "You know what? We can really do something with this." It was just fantastic work that you did there, so it's an honor to talk to you. [laughs]

Rick: Well, thank you. I appreciate that. We wrote those books really to help people to understand how to implement lean -- really lean enterprise, the Toyota way. That's kind of the thought process to come out of, especially the red book.

Then the green book, about how we move material. Actually I've learned a lot from my trainer at Toyota. His name was Khincha, and it's interesting, I got to assigned the train with him when I went to work for Toyota. All the manager-type folks got special trainers.

Khincha was my trainer for a year. It was interesting, because for the first two months I thought he could only say two English words. He'll look at me, and say, "Ah, Ricky-san, no good!" Everything I did for two months was no good, and he was right.

I come up out of a mass manufacturing environment from GM, where more inventory was good, and all those kind of things that we know now, is not the right thing.

Ron: Let's go ahead, and talk a little bit about your background. Obviously you worked at Toyota, and GM before that?

Rick: Yeah, I was with GM for 15 years. I started out as an hourly employee and progressed through the ranks. I think I was doing very, very well at GM. I'd been there almost 15 years, and then I got a phone call from Toyota. They said, "Listen, come down to Georgetown and talk to us. We would like you to come to work for us."

I never thought about leaving GM. I was halfway to the golden handshake. All my uncles retired from GM, my dad retired from GM, and I'm going to go to work for a Japanese company. That didn't go well in the family.

Ron: I'm curious. How did that go? Just from a...

Rick: I'll tell you, at Thanksgiving, I didn't even get a seat at the kid's table.

Ron: Wow.

Rick: [laughs] Because I was seen as a real traitor, but you remember back in those days, the Japanese companies were seen as that. As soon as I visited Toyota, I saw they were doing something totally different than we were.

We weren't even in the same game those guys were playing, and I wanted to be a part of it, so I left General Motors, and went to work for Toyota. I worked in the Tsutsumi Plant, in Toyota City, Japan, for a period of time, and I was the manager of Georgetown for a number of years.

That's where I got my lean training from, my lean background. That was before there were any lean books. The only lean book out there was "The Machine That Changed the World," written by Jim Womack. That was really the only thought process out there. That's where my background came from.

Ron: Talk a little bit about that transition from GM to Toyota. When was that by the way?

Rick: It's an interesting transition because I think people have the misconception about Toyota production system. Really people have taken that and tried to use a set of tools, instead of doing what Toyota really does -- is teach you how to think lean, because that's the key process.

It's not all the tools that are out there. Many companies, they want, "Give me the set of tools, and I'll do it." That's not what lean enterprise is about. Lean enterprise is really, truly learning how to think.

I want to give you an example. No matter who you are at Toyota, when you go to work for them, you have to work on the assembly line for a period of time, and I was on the assembly line in the Tsutsumi Plant in Toyota City, Japan.

My trainer was there, and my first day out there, I'm working, and I look on the flow rack where my material's stored, and I only have two hours worth. I'm thinking, "How's that going to work?"

Ron: [laughs]

Rick: Then we got down to one hour's work and I shout, "Khincha, Khincha, we're going to run out of parts." He said "Ricky-san, look," and here came a tugger and delivered me an hour's worth of parts."

Well, I've got to step back and think about that, because I was used to having lots of inventory, because I knew that GM in the old days it was going to take me two hours to find my forklift driver.

I truly panicked the first day out there, but you know what? The third time that he delivered an hour's worth of parts, I no longer was concerned about material. That was a real learning thought process about material flow, and what does that look like.

Ron: Wow. How long did you work on the assembly line?

Rick: You have to work 30 days at a sequence, and you do several sequences. It's really, it's not learning how to keep up, that's not the thing. It's learning the process itself. Learning how they train you, how they teach you, how the product flows, the Andon system, how the parts come in, how do you handle Kanban cards, and all those kind of things that you have the ability to learn.

It's interesting. A lot of people that come out of Toyota have a very difficult time implementing in the outside world. The reason behind that is everything at Toyota works. It's already in place. When you go into a lot of our plants around the rest of the world, everything is broken. Nothing works.

Ron: [laughs]

Rick: Now you have all kinds of issues. Now you expect things to work, but they don't work.

Ron: Did you ever pull the Andon?

Rick: Many, many times.

Ron: Go back to the first time you ever pulled the Andon. What were you feeling?
[laughs]

Rick: Two things were happening. First of all, my trainer had to fix everything I messed up every day, so at the end of the day, he was worn out and so was I. They did not slow the line down for me. It ran at the same pace, at the same speed as those professionals had been doing it for 20 years.

He told me, he said, "If you reach this line, and you're not to this step in your process, you got to pull the this rope." I said, "OK." Well, you know, I pulled it every time, because I can't keep up, and as soon as I pulled it, he would walk up and say, "Rick-san, what's the problem?"

I'd have to explain to him, and then he would make a decision for me to continue to work on that car, because when you pull the Andon, it's going to go to a fixed stop position, and that whole assembly line is going to stop until you fix the problem.

He was making decisions on whether to fix the problem right then, or for me to continue on and he would go start the next car. It was a real learning experience about fixing your problems in station, instead of letting it go to the end of the line.

When I was at GM, we had one big line that went through assembly, and you wrote the defect down on the back of the car, and if it didn't get fixed, it went all the way to the end

of the assembly process. Then they fixed it at the very end, which is far more difficult to do.

In that Toyota process, you fix your problems in station. You don't pass them on to the next guy down the line.

Ron: Fantastic. Let's go to present day. What do you do today, Rick? You speak and consult, is that correct?

Rick: Yeah. I'm the president of Harris Lean Systems Incorporated, and we service now somewhere around 30 companies and about 150 plants worldwide, assisting them in their lean implementation.

It's a different model, is that our job is to teach them how and not to do, because you're teaching how to implement it in lean enterprise, and I have my guys in the plants no more than two days per month.

When they go in, they work with three separate teams. They work with the PFEP scheduling team, or manufacturing team, and material movement team. That's how you truly change a plant to lean enterprise, is those three different entities have to be working together, for one value-stream in trying to fix that and move forward.

Ron: Say those three again. I want to make sure everybody hears those.

Rick: It's a PFEP -- "Plan For Every Part" scheduling team, is one team. They are really responsible for creating the level schedules of the plant, and really creating the plan for every part, which we'll probably talk about later on in our conversation.

Ron: Yes, we will. [laughs]

Rick: Let me say this about that. Scheduling is by far the most important thing companies need to learn how to do, and they do not know how to do that. Typically, companies schedule by due date, not really taking in accordance how the plant really needs to run efficiently. We'll talk more about that later on.

Then material movement team, they're responsible for all the containerization, the flow racks, the tugger routes -- all that delivery system they're responsible for.

Then the manufacturing team is responsible for creating standard work and the site utilization. In other words, the red book is what they're responsible for.

Ron: I got it.

Rick: The first two teams are responsible for the green book. The last team is responsible for the red book.

Ron: [laughs] I got it. Got it.

All right. So, Rick, we like to start all of our shows with our guest sharing a leadership or lean-slanted quotation that inspires them, so do you have a quotation that inspires you?

Rick: Here's what I tell companies when I visit them. "If you cannot control manufacturing, you cannot control purchasing."

This is what I would say about leadership. "Leadership doesn't have to know all the answers, but they do have to know the way."

I'll give you an example. I visited a great guy at a company. I don't want to say who the company is, but he's probably one of the best managers that I've ever met. From a leadership perspective, his plant was 2.6 million square feet -- huge facility.

He called me, and he said this to me, "You know, Rick, I don't know you. You've been recommended to me. I want to ask you to come and help us implement the Toyota production system."

I said, "Why do you want to do that, first of all?" This is what he said to me -- was key and this is key on the leadership. He said, "I know what I'm doing today will not work three years from now. I don't know what Toyota does, but I want it, whatever that is."

That's true leadership, because he understood his current manufacturing system was not going to work three years from then, so he took a 2.6 million square foot manufacturing plant that -- I think at that time, they had 36 pull trucks running everywhere. Now they tug in the plant. It's 18 different product lines, 24,000 SKU, and it's really a model for lean enterprise, OK?

Ron: Wow.

Rick: But the whole point is... And by the way it was his fortieth year in that company.

Ron: It took a lot of courage and humility on that guy, right? To step back that like that?

Rick: Right. I mean he understood. That's true leadership, to understand.

I think one of the major reasons people don't implement lean today is leaders are afraid. They're afraid because they don't know, and everybody expects them to know. They expect them to know everything about their business, and it's a funny thing about lean, the more you learn, the more you know you don't know.

Ron: [laughs] Yeah.

Rick: That's hard for some leaders, to come in and say, "You know, I don't know how to do this." But the really smart ones surround themselves with smart people that know how to do it.

Ron: Yeah.

Rick: I do a lot of reviews for different companies from the lean perspective that we do, and the really good lean leaders have always the right information to be able to ask the right questions. That is a key, key point when you start looking at the value-stream maps and those kinds of thought processes.

Ron: Today, Rick, we're going to dive into a pretty big topic, [laughs] but really explore the components needed for a successful lean enterprise.

The way I want to start this conversation is just with basic implementation. I am curious if you could share some examples of what you've seen has worked best, and again, any case studies or anything like that would be fantastic.

Rick: I think there are three key components. The first one is always about leadership. Leadership doesn't have to know all the formulas, math calculations. They don't have to know that. They do have to support and lead as a change agent for the company.

I deal with another individual that I think highly of in the world of manufacturing. I am now -- HLS is with him and his core company. He keeps getting promoted, gets a bigger job in becoming CEO.

Everywhere he goes, he tells them, "We are going to implement lean. We are going to do it this way." He knows the way. There is no ambiguity of where the company is going. I'll give you an example -- I sat with him in a meeting. It was his first meeting with his staff about implementing lean.

He said, "I want you to take a close look at the people beside you. Look to your left. Look to your right. Forty percent of you will not be here one year from now, but you will decide that. I won't decide that, because we're going to go down this path, OK? It's highly successful. You have an opportunity to learn something brand new here. Hopefully, you'll choose that opportunity."

I don't think there's any ambiguity there. Do you? About where he's going, OK?

Ron: Not much.

Rick: He's been highly successful, and by the way, that's just kind of the way it is when you go down the path, is that you have a lot of people that just choose not to go that way, and that's fine. You need people on board to where you are going. Leadership is the key. It is by far the key.

When I start working with a company, that's the number one thing. I am the guy who decides. I am the guy who decides if this is a good fit for us, and not a good fit for us. If the leadership I don't think is on board -- give you an example.

A guy called me a couple of years ago. They are a Tier-1 supplier to one of the big three. He said, "Listen. We want to employ you guys to help us implement lean," and I said, "Why?" He said, "Because we have to win the Shingo prize in three years." I said, "You called the wrong guy."

It's not about winning prizes. It's not about that. It's about making money and making your company better. So, we chose not to work with those guys.

I think the number one thing is leadership. The second is probably planned process. What is your overall plan to implement lean enterprise over a three- to five-year period? To implement lean the HLS way is a three- to five-year process, because it fundamentally changes the way you run your business. Everything changes. That is difficult for companies to understand because most companies want the pay back in six months.

I can say this about lean enterprise -- it's the plan, and the gift that keeps on giving. After year one, two year, three year, four, you keep implementing. Give you an example. How does Toyota keep making more and more money every year? Because they keep extracting more and more waste out of the system.

Other than my trainer, Khincha, one of the colleagues asked him the other day, "Hey, Khincha, what comes after lean for Toyota?" You know what his answer was? "More lean." More lean, because waste is out there, and the more you see, the more you do.

Those are the two things, right? You start to think about it. You've got leadership, you've got planned processes. Then, you've got execution. How are you going to execute that in your plant? Who is going to do that? What's the process? You need a team approach to do that.

Many companies are trying to do the right thing, where they put in a lean champion in the plant, and then they expect him to do everything. That's not going to work like that. First of all, he has to try to coach.

Two things that happen -- first of all, that person has to have bottom-line responsibility from the top person in the plant. He has to have it, OK? Because he has to wield a little bit of power. You can't coach people into doing things they don't want to do.

Sometimes, you have to have a little push in the right direction. Those three things are key -- great leadership that knows where they're going, having a good plan, and thought process.

Give you an example. They need to choose a model value stream. I am going to shoot a bunch of stuff at you real quick, if it's OK.

Ron: Yeah.

Rick: They need to choose a model value stream. Within that model value stream, they need to choose the pacemaker process. Once they choose the pacemaker process, they need to create standard work and the machine balance chart.

Once they've got that done, it's time to create the plan for every part number. Once they get that done, now they can create the supermarket with the max level, mid level, trigger point, expedite, and their storage requirements.

Once they get that done, they can connect it to the point of consumption, who is going to consume that with the pull loop. These are all math calculations. We don't have time to go into today.

Once they get that done, they can now put in the routes to deliver by. Once they get their routes to deliver by, they can go back upstream and start to work in what they call the work -in-process areas, looking at machine optimization. That's kind of the plan that they have to put in place if they are going to be truly successful.

Ron: So, one question I have, and I want to get into planning for every part here in a bit. Let me back up, back to leadership. You talked about how critical this is.

What about a company -- there's somebody listening right now to this podcast, and they are a middle manager, and they are bought in. They came from a different company. They know it works. They are fired up.

They want to do it, but the top-level leadership, maybe they are not against it, per se, but let's say they are not totally bought in. Can that work? Can that middle manager succeed in your opinion?

Rick: It can work to a point. My advice to him would be to improve your area to a showcase. For example, you can take the red book and implement the principles behind the red book and have a 30 to 40 percent productivity improvement, and say, "OK. This is how this works. This is truly how this work."

I think, in those companies, they can improve their areas that they are responsible for only to a certain level, but they need to do that. They need to do that to show people how it works, and then, have upper level management -- say, "Come have a look at this. We could actually do this for our entire facility. Not only that, we could actually do this for our entire company."

Ron: I love that. Back when I worked in industry, I was actually that guy. I was kind of a middle-level. I was a director, but my boss was a senior vice president, but he was mostly a sales guy. All he cared about was selling, selling, selling. The fact that we had to make anything kind of annoyed him, [laughs] I think.

What I tried to do was like you said, take the red book, take the green book, take everything, and try to make things better.

I almost turned things around and said, "Hey. Throw these slides into your deck at the end of the month." He loved it. He eventually kind of got bought into it. I was making him look good so he liked that. He wanted the company to succeed, but some of these guys, I would say they are unconsciously incompetent.

Rick: I think that is a true, true statement. They don't know what they don't know. I started a plant up in Minnesota a few years ago, and the top guy didn't really buy in. You know when he bought in? When the dollars started hitting the bottom line. He said "Oh, this stuff might be pretty good stuff." Then he and I started having lunch every visit. He

wanted to start to learn but the reason he was starting to learn was because he saw those dollars hit the bottom line.

Ron: That's it, exactly. I wouldn't be able to forgive myself if I didn't ask you [laughs] at least some semi-technical questions.

We've already touched on it a little bit, but "plan for every part." First of all, for those who don't know what it is, give us an elevator speech for what a plan for every part is. Then, I want you to talk about why so many companies seem to struggle with creating one.

Rick: It actually means a plan for every part number. If you all have read the green book, you know we wrote it in there, a lot of competent companies have a plan for no part number. It's a plan for every part number, looking at where the manufacturer of that part number is, coming into your purchased parts market, what size box it comes in, what does it weigh, what is your standard pack quantity, what's your expedite time, what kind of supplier is he, all those different entities blog into that.

Where is it stored in the market, how many different delivery addresses are you delivering to. Is your standard pack quantity coming in equal to your standard pack quantity you need to use on the line? Many companies have this information. They have it, but it's in multiple different systems and locations.

You cannot put in a supermarket, or a pull system, or any of those Kanban systems without a plan for every part. Every time companies do that, they fail miserably, and then, they say this stuff don't work. Well, the number one reason they don't work is because they don't have a plan for every part.

It's the critical piece that regulates so many different things. I'll give you an example. The plan for every part really looks at your address system. You need to have a plant-wide address system, and there's only one thing in your plant that will never move and that's the columns. Well, they can move, you got to create a fork-truck driver. But that is a whole another story. You guys got that, all right?

Ron: Yes.

Rick: The plan for every part, address system, and from that plan for every part now you can get into designated storage systems like in your supermarket and your bulk storage, and from that plan for every part you build your material delivery routes.

By the way, I'll give you this real quick -- there are five types of routes every company ought to start to implement, and they should implement them in this order -- one's a purchased goods route, a work-in-process route, a finished goods route, a scrap route, and a non-productive material route.

If you step back and think about that a little bit, you start to think about a purchased goods route, so I am going to bring you all of your purchased goods. Your work-in-process route, I'm going to bring you all those. I am going to take away all your

finished goods into shipping. I'm going to take away all your scrap. I am going to bring you your gloves, tools, rags, anything else you need.

There's only one thing left for the operator to do and that's provide value. That's the key behind that whole thought process of a tilt delivery systems, and how we go about doing that.

You create delivery routes from the PFEP, you create the delivery pull system from the PFEP, you deliver the production pull from the PFEP, and once you get those kind of things thought through, then you can really start to think about your small lot containerization thought process.

Here is a question I ask companies all the time, is what is your containerization philosophy? It gets deathly quiet, because we don't think about that. In most of the plants I visit, and I visit probably 70 to 100 plants a year in different locations. Almost every one of them store 50 percent air, but with a PFEP, you can sort through and store all of your 8-inch boxes together, all your 10-inch boxes together, and cut your storage by 50 percent.

Also delivered from the PFEP, you look at your scheduling windows, which are your shipping windows and your receiving windows, and now you can level-load all your labor in your markets, really looking at the PFEP. That PFEP is a critical, critical piece of the business, and we introduced that to the world when we wrote the green book. But we'd been doing it 10 years before we wrote it down.

Ron: All right, very good. Why do so many people struggle with it? It's not easy, for sure.

Rick: No.

Ron: But there's a formula for how to do it. Why do people struggle?

Rick: Because in the first place, they only see it as a data collection piece that is not going to be of any value to them. They don't understand about what the uses are. They just see having to, "I got to go gather all of this data." They don't have the size of the boxes, so somebody's got to measure all of those. They don't have the weight of the boxes coming in. Somebody's got to do all that. They see that as a big, big problem of no value.

But this is something to remember. When you implement, there's two parts to it. There's population of PFEP, and there's utilization of PFEP, two different entities. You populate the PFEP by value stream to get in at the pacemaker process. That's the thought process behind that. When you do that, I am looking for a 30 to 40 percent reduction to inventory when you apply the principles of PFEP.

The problem is the data collection and getting the thing started, because they've got to go turn over rocks to find this information, where it's located at, and a lot of companies really struggle to do that.

Ron: I remember one plant in particular, I remember where we did this. It was a bugger, let's just put it that way, in the beginning.

Rick: Yeah.

Ron: But once you had it done and maintaining it, and then if you did get new part numbers coming in, it wasn't a big deal, right?

Rick: Right.

Ron: At that time, we did have it on a big spreadsheet, I'll be honest with you, is what it was. But that initial wave, it can be overwhelming, especially if you have thousands of part numbers or something like that.

Rick: You know what I tell people, too, they come at you with, "Rick, you just don't understand."

Ron: [laughs]

Rick: But everybody is different. They are different, but the lean principles never change. The application changes from business to business, but the principles never change. After they get the PFEP, and they've started, they say "How did we ever run our business without it?" "Well, you did it by brute force and a lot of expense." The PFEP is a critical piece.

Ron: No, the right answer is, "A lot more inventory." [laughs] That's what it was. Yeah, "Very few inventory turns, that's how."

Rick: Right.

Ron: All right.

Rick: It is interesting. We did one in a plant in Tennessee. He thought he had a really, really good plant. It's a stamping plant, and he was top in the corporation. He was doing 11 inventory turns. Smart guy, right? He looked at our system map, what he wanted help to teach him how to do, and in three years, he went from 11 inventory turns to 111 inventory turns.

Ron: Wow, gosh. [laughs]

Rick: Yeah, material was flying through the plant.

Ron: Fantastic. All right, Rick. Let's go ahead now and transition into what we call the reflection question section. This is where you get to ponder on some different topics here.

The first question is, within lean, and especially the way Toyota teaches it, we spend a lot of time talking about the two pillars, continuous improvement, and respect for people. Continuous improvement is easier to define, red book, green book, and so forth. But what

about that “Respect for People” side of the equation. What does that mean to you, respect for people?

Rick: It's interesting. I believe 90 percent of our people come to work every day and want to do a good job. I believe that to be a true statement, that's in hourly and salary, both. I also realize there is 10 percent we will never reach. That's just common in all plants.

But I think really being respectful of people is being honest with them, and sharing with them all the data that you collect, and talking with them about where you're going. I tell them to be honest with their employees. The only way you are going to keep jobs in your plant is there are three entities that you have to do. You have to have high quality, low cost, on-time delivery. There is no magic bullet.

That is the system, so how do you go about doing that? That's how you create jobs in your plant, and how you create a long-term employment for the employees. As I talk to people, I talk to companies, I believe in the US, we need good high-paying jobs for our workforce. The only way to do that is for everybody to buy great products at the right cost, at the right time, and in the right quantities.

Being respectful of people is that we want their ideas, but it's not their job to design where the company's going, that's leadership's job. Leadership's job is to have the vision of where we're going and lead their people to that point. Not make them go there, but lead them with data, intelligence, and respect about where we're going. I believe 90 percent of our workforce will go where we want to go.

Ron: Got it. Rick, what's the best advice you've ever received?

Rick: [laughs] I'll tell you what my trainer told me one day in the form of a story.

He was down at the end of the line talking other trainers in Japanese one day. They were laughing and having a really, really good time, I thought. I said, "Khincha, what are y'all talking about here?" "Ah, Rick-san, you don't need to know." "Well, yeah, what are you talking about?" "Ah, Rick-san, you don't need to know." I said, "Well yeah, tell me." He said, "OK I'll tell you. I tell them that if Rick-san can learn this, anybody can learn it."

[laughter]

Rick: So my point about that is, that is no matter what position you are in the company you can learn lean, so I took that, and then he gave me some other advice one day.

I was arguing with him. I argued with him everyday, because that's how I learned. I think argument's healthy if you do it in the right context. He looked at me, and he said, "You know what, Rick-san?" I said, "What Khincha?" He said, "It is very difficult to teach someone something who knows everything." So you step back a little bit because...

One thing that annoys me to no end when we do plant tours is that the hourly operators are ready to present to us and our management staff goes out there, and they're talking to each other the whole time. I just can't tolerate that. We're out there to listen to the

operator. He's put this thing together. They've done a great job in a plant, and we need to listen to that.

You learn your hardest lessons. I learned a lot from Khincha because not all those were pleasant experiences that he and I went through but the most difficult is the ones you learn the most from. My point to leadership is that you really have to be able take on things you don't know how to do. That's a difficult part to do.

Ron: Do you stay in touch with that gentleman?

Rick: Well, now he's retired. I did for many, many years, but It's interesting. He and I could communicate if he's standing right here -- very difficult on the phone, [laughs] almost impossible on the phone. He had 35 years in the Toyota production system before he came here.

Ron: Wow, that's fantastic. Rick, do you have a personal productivity habit that others might benefit from?

Rick: I do. I have standard work in my life. Standard work is critical. If you have a little bit of time, I'll get into real quick why I learned standard work as a manager.

Every day at Toyota I had standard work. I arrived at the plant at 5:30 in the morning. The plant starts at 6:30. I did my mail, my inbox from 5:30 to 6:15 every morning. If you wanted me to sign a document, you better have it in my inbox by that time, because I'm not signing another document the rest of the day. I don't have time to do that.

At 6: 30 I went to the shop floor, and I watched my plant start every day. We had a really complicated system at Toyota. If the flashers were flashing, they went to repair, if not, they were great to ship. I could stand there for 30 minutes and can tell you exactly how the assembly plant started.

Then at 7: 15 every day, I started my plant walk. I walked by every supervisor's area, every day, at almost exactly the same time, and I checked their whiteboard every day at almost exactly the same time.

It was important, because if they know the boss is coming and he's going to check five things, you know they are going to be prepared everyday. It made them prepared. I did that, and it took me about two hours to make that walk, so at 9:30 every day, I stood in the circle. I don't know we have time to go through all these. It's up to you.

Ron: Yeah! Go ahead. Definitely.

Rick: Standing in the circle was an interesting experience -- and make sure that I come back to the standard work piece, but I want to tell you how this transpired. I was in the assembly plant one day, getting ready to go on the line, got my gloves on, ready to go to work and Khincha said, "Ah, Rick-san, no work on line today," and I thought, "Man, great. I don't have to do that today."

Ron: [laughs]

Rick: Anyway, he took me out, and he drew a circle on the floor and he said, "Rick-san, I want you to stand two hours. Tell me everything right, everything wrong." I'd been building cars for 15 years, so I think I know a little bit. I'm standing there, and I look for two hours, and he comes back, and he says, "Ah, Rick-san, what you see?" I started to tell him all the things that I saw, and his eyes looked like a ping pong ball bouncing around. When I got done, he looked up at me and said, "Ah, Rick-san, you know nothing. Two more hours."

Ron: [laughter]

Rick: So now, I've got to stand two more hours in this, but I understood what he was telling me because I did it the old way. You'd fly about 200,000 square feet, and pick out these little things to work on that really didn't amount to anything.

I went and got a clipboard, and I wrote eight pages of notes in the next two hours, and he came back and he said, "Rick-san, what did you see?" I shared with him those, and he said, "Ah, maybe OK." By the way, that's as good as it ever got.

Ron: [laughs] "Maybe OK?"

Rick: He never told me good job, not one time. "Maybe OK." "But, now you fix two more hours," so now, I had to fix all those things. I wrote that down. He came back two hours later. By the way, I'd been in this circle six hours now. Think about that for a second, standing six hours in one place. I shared with him and he said, "OK, now how does it affect this process and this process? Two more hours."

I spent eight hours in the circle that day only looking to get better. This is what I ask executives that I deal with every day. "Show me in your standard work day time you've set aside only looking to get better?" And, it's vacant. I told you that story to come back to this.

From 9: 30 to 10 every day, I spend 30 minutes in the circle, uninterrupted, looking at my plan of how to get better. How do you make this better? How do you make this better? Then at 10 o'clock, my secretary gave me a 10 by 5 card. That's what it was back then.

"Here's all your meetings, schedules, all that kind of stuff." You had engineering, you had quality, you had costs, you had budget, you had all of that kind of stuff you got to do, which is non-fun stuff. I'd rather build cars. But, that's another...

Ron: [laughs]

Rick: ...That's a whole lot more fun than that. But, then at 2 o'clock, back on the shop floor, and I did a standardized work audit every day. I had four managers that worked for me, and I would go ask one of them, "OK, I want to audit the process you audited today." The process behind that was to teach them what they didn't see.

So, here's another question for our executives, and our people in our plants, and our people who work for them. "What is the methodology that you're teaching your people to see the next level? How are you teaching them to see that?"

That was the methodology that Toyota taught me, because as soon as I did that audit, Khincha came to me and said, "Rick-san, I want to audit the process you audit today." He would take me and teach me what I didn't see. Now, you have an opportunity to learn.

Standard work is critical, so my advice to that -- you can't standardize your work as a whole day as an executive, but you can certainly standardize parts of your day. My suggestion would be to start with an hour or two a day that are sacred time, that you're only going to do those things, because the business will rob you of your time every day.

Ron: So, let me ask you -- today, you run a consulting company. I'm curious. What do you take from those days back at the plant, those practices, that standard work, and so forth, and are you able to apply it to your work today running your consulting company?

Rick: Why not? I not only apply it to today, I apply it to everything, not only in my work. Example, I have certain things I do at certain times every week. It's just automatic, right? People know the hours I'm going to be in my office. They want to get a hold of me, they'll get a hold of me there.

They know what my standard work day looks like. They know I only do email from eight to 10 at night. That's about the only time, unless I'm in the office. I don't do email during the day. I hardly answer my phone during the day. Those are standard work practices that people understand.

Give you another quick story, if you have time, about standard work, OK?

Ron: Yeah.

Rick: I'm a big offshore fisherman, and last year I was 70 miles offshore here in Murrells Inlet, South Carolina, fishing. On the way back, I lost all steering at 50 miles out, but I'd created standard work for my wife in case that ever happened.

We'd written standard work step, A, B, C, D, E, F, & G if that happens, and I have a device that's called a "SPOT," that gives her the coordinates. It goes off a satellite that tells her -- like at noon, I'll send her an, "Everything's OK. Be home on time," and she knows everybody's safe.

Well, I did that, and then now, 51 miles out, I lose all steering, so I send her a note that says, "We're in trouble." Without standard work she probably would've panicked, because we're out there, no way to get home, that kind of thing.

Anyway, she followed the letters right, A, B, C, she called trying to get a hold of me. Couldn't get me, got hold of the Coast Guard, plus the helicopter, the whole deal, but she created all that because she followed standard work that was written. Standard work doesn't just apply in the physical world, it applies to your personal life, and when you do

that example...guys don't get carried away, don't try to standardize your kitchen. That's not going to work.

Ron: [laughs] OK.

Rick: I'm just telling you. [laughs]

[crosstalk]

Ron: Do you speak from experience there, Rick? [laughs]

Rick: Yeah, [laughs] speaking from experience, right? This organization works everywhere but in your wife's kitchen, so don't do that.

Ron: I love it. I'm curious with all of your experience, over the last year -- last 12 months, has there been anything that surprised you as you were working with clients or implementing lean just in your own business?

Rick: It's interesting to watch different companies and how their leadership approaches lean. I'll give you an example, like today...I'll ask you the question, and then we'll go from there, is that I ask companies, or when I speak in public, which I don't do very often anymore.

We do a workshop in Charlotte that I speak at, and really that's the only public speaking I do anymore. I used to speak at events around the world all the time. I just don't do that anymore.

"What is the percentage of companies that are truly implementing lean enterprise today?" People say, "15, 20." No, it's actually about three percent, is all. Then people say, "Well, why?" You really have to change the way you run your business, but my point is how many portfolios on Wall Street have lean in it? About 98 percent have some kind of lean thought process.

It's an interesting dichotomy of looking about what companies say they're doing. Give you an example, I was in a plant not too awful long ago, brand new plant manager, and he asked me, "Rick, why does my plant look lean, but it's not?" They did a lot of superficial things like 5S workplace organization. If you walked in, and you looked at it, you would think, "Man, this is a great plant." Well, not so.

I'll tell you one other thing, too. We didn't catch this, but I want to talk a little bit about it, if we have time, is scheduling. Scheduling is by far is the most important thing companies must learn how to do, by far. Every part that you have has two of six aspects, and I'm going to give you what they are.

It's easy, medium, or difficult, runner, computer, stranger. I'll tell you how you really know. Walk out in the machining -- and they give the machinist a schedule, and he looks at it, and he says, "Are these guys nuts? You can't do that." Because he already knows how the machine needs to run. Most companies just simply just create their schedules by

due date, instead of understanding how the plant truly needs to run and what rhythm it needs to run.

That's number one thing I've seen, as I visit companies today, is they do not know how to schedule. They truly do not know how to schedule.

Ron: All right, the last question I have for you, Rick, is I'm curious if you have one knowledge or skill area that you feel, with all of your experience, that you still to improve on in order to become a stronger lean thinker?

Rick: I've worked in a lot of different businesses, and I really take business on to learn. The big batch processing businesses, that do oils and different things like that, is still a challenge to figure out.

When we do some FDA regulated things that have shelf life, those are still integrations that in lean are still difficult to do. Because you have to think about your markets and what your shelf life's going to be, and what the FDA regulations are. Those kinds of businesses are more difficult, I would say.

We're becoming better and better at those all the time, because we're doing them. What I would say is that lean applies to every business no matter what you have. The key to learning, is to learn how to apply the right application to that business from the lean principles.

Ron: Yeah, love it. Before we wrap up, I want to make a comment to all the listeners that are with us. There's been a lot of technical information in this episode, so we're going to go ahead and create a transcript of this episode, a written transcript, and it'll be available in a PDF. If you're listening to this, just go to gembapodcast.com/53, and you'll find a transcript of this episode.

I think people are going to want to. You've given so much information, Rick, that maybe they're going to want to get the highlighter out and they're going to tear up they're PDF, like I did my red and green books. [laughs]

Rick: OK. That'd be great.

Ron: Rick, I want to thank you for taking time to visit with us, and again, thank you for all of the work that you've done, and how much you've helped the lean community. Your work is, I can't imagine how many thousands and thousands of people have benefitted from that red and that green book.

Let's wrap the show up, Rick, with you sharing some final words of wisdom, and then why don't you explain how people can connect with you on your website, or social media if you're on any of that.

Rick: The thing about it is, every process has waste in it. I tell people, "Implementing lean enterprise is not about implementing a set of tools. It's about learning how to think differently. A couple of things are critical, especially from a leadership perspective. Our leaders must understand how to read a value stream map.

If you truly understand how to read a value stream map, then you can look at one -- within five minutes, you can understand a business. You can understand where their problems are, you can understand where the market's heading, you can understand all those different entities, so keep on learning. I take on a plant personally, every two years, just to keep my tools sharp, to go in and do those, because I still enjoy implementing personally.

I don't do a lot of plants anymore, but you got to keep your tools sharp, you got to get out there and practice, practice, practice, and that's how you get better at it. No matter what process you walk into, if you remember your lean principles, step back think through it, apply those in the right application, then you can and will be successful.

That's my parting thoughts on that. You can get ahold of me on our website. www.harrislinksystems.com is our website. They can get hold of me through that, so if some listener has specific questions, they can send me an email, and I'll send them one back and tell them to call me, because I don't do a lot of emails.

I can talk to you in two minutes and help you, versus 15 emails. Email has occupied so much more time than it should require of people.

[music]

Ron: I agree. All right Rick, thanks again, and I look forward to hopefully meeting you face to face one day, and I'll buy you a beverage to thank you for your work.

Rick: Listen, it's been a real pleasure. It's a journey, and I've learned a lot. It's been a great, great trip. I continue to learn every day in the plants.

Ron: Fantastic. All right, thank you, sir.

Rick: Thank you.

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