

# Lean Methodology Is Not The End Of The Road



# The Natural Evolution To A Continuous Improvement Culture

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Centuries ago, scientists believed the human brain was divided into different sections, each with their own specific functions. Today, we know that this isn't the case: there is a significant amount of redundancy and cross-function in different parts of a healthy brain. Throughout the body, interconnected systems

work together, often unconsciously, to complete basic, life-sustaining functions.

What if organizations were able to operate in the same natural, fluid way as the human body, with different parts working together in a state approaching unconscious flow?



Unfortunately, conventional management structures have made it difficult for companies to embrace the profound changes required to operate in this way and traditional academia continues to perpetuate the siloed model. Too many companies view their individual departments as separate systems with distinct responsibilities. As a result, they end up struggling to get isolated teams to work together, creating stress within the organization.

Just as turbulence within the body can prematurely distress important systems and increase the risk of disease, stress within a company can disrupt throughput and affect the natural evolution of a culture. The more unstable and restricted interactions between people and processes become, the harder the team has to work to succeed.

The goal of continuous improvement is to

eliminate the obstacles and inefficiencies that disrupt a company's throughput in all operations so the organization can thrive.

However, it is always easier to recognize a problem than to design a solution. Like a patient who has been told they must change their lifestyle to prevent a health problem from returning, many companies only seek treatment for acute symptoms, while ignoring the underlying malady. If a company is not willing to rethink its established methodology, the organization will inevitably struggle to achieve a 'natural flow' state.

Daman Products was not born with a lean mentality. We have had to make major changes to get where we are today. Read on to learn more about how we've applied lean thinking and the principles of natural systems to develop a culture of continuous improvement at Daman Products.

# How did Daman get started on its continuous improvement journey?

**B**efore we set out on the path of continuous improvement, we were focused on making incremental changes to our engineering and manufacturing operations. Like most organizations, we were only interested in controlled changes with predictable outcomes, and we believed that we could only improve our performance by working on value-adding activities.

We were reluctant to admit that many processes we viewed as essential to our operations were actually no more than institutionalized waste. However, we were hopeful that implementing profound changes would help us break down the barriers blocking the road to a leaner future, even though we were blind to much of the waste permeating our business.

Today, we still see that reluctance in the eyes of many business leaders when we encourage them to start their own continuous improvement journey. We understand this, as it requires a fundamental shift to begin managing

process, rather than people, and trust that employees will align their behavior with the process. We needed some encouragement and a huge amount of faith to go down this road. Unfortunately, most avoid the thought.

In the late 90s, Crowe Chizek sent a “manufacturing guy” named Doug to introduce lean principles to Daman. He proposed major changes to the way we managed our people, processes and technology, challenging many of the basic principles we had learned in school and over the course of our careers.

Armed with little data and a healthy fear of the unknown, we made a gut decision that we hoped would have transformational effects. There is a time and a place for this type of choice. We trusted Crowe Chizek and believed in the vision Doug outlined. He promised that we could cut costs and reduce the level of chaos in our shop, bring throughput to the point of laminar flow and improve the quality of our production.

*Nearly two decades later, every prediction he made has come true, although there was no shortage of missteps and setbacks during the early days of our transformation, and we had to learn some key lessons before we were able to build a culture of continuous improvement.*

Ownership  
and  
leadership  
must be  
committed to  
overcoming  
obstacles

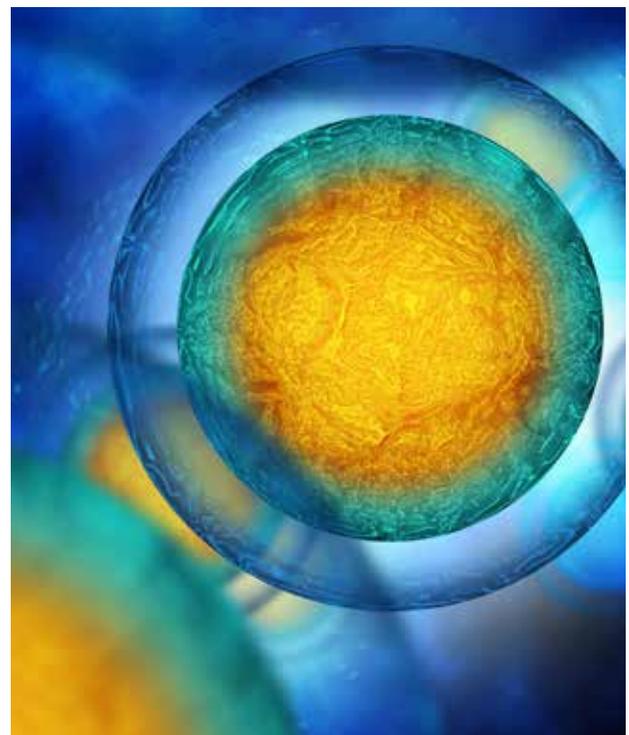
The first hurdles to overcome were in our minds. Doug's plan struck us as beyond counterintuitive. But, acting on his advice, we reduced production lot sizes and inventories, in direct contradiction of what we had previously believed were the best ways to reduce costs and meet market demands. Scariest of all was the recommendation that we stop forecasting production and simply build what we sold. At the time, we were receiving intermittent orders from roughly 2,000 distributor locations around the country, with no prior knowledge of what would be ordered each day and a commitment to provide next-day delivery of in-stock items.

This caused great anxiety for us, but our ownership and executive leaders were united in our belief that we could improve operations by making the changes Doug recommended. We got to work immediately, and the initial results were less than desired, through no fault of Doug's.

We planned to organize our operational teams into autonomous, self-sufficient work cells that would be accountable for their own performance. This required the purchase of redundant hardware that would allow cells to operate without waiting for supplies or seeking permission from management. We also had to

establish standard operating procedures for tooling and programming to ensure consistency and cross-functionality across three shifts. Further complicating things was the fact that we were about to move into a new building.

To save time and meet our move-in deadline, our leaders designed the new system without involving frontline workers, who were then thrust into a system that they had not helped develop and were not prepared to function in. This set us on our heels and sapped the institutional trust that we needed to move forward. In one of our newly established cells, there was chaos. The team did not get along. They actively sabotaged one another.



If we did not have the commitment of our entire leadership team, our continuous improvement journey could have ended right there in a disappointing dead end. But we learned from our mistakes and pressed on, trading our top-down management style for supportive, mentoring roles that helped rebuild employee trust over time. We hired two people to focus on developing our team skills and became more comfortable delegating responsibilities to workers.

In the cell with the quarrelsome team, we brought someone in to provide context. By explaining why specific changes needed to happen and engaging workers with a

vision for a better workplace, we made the improvement tangible and relevant for people who had previously believed that the new direction would not work or that they had no role to play in it.

It took two years to get up and running, rather than the six months we had projected, but we got the ball rolling and learned vital lessons about trust, accountability, and creativity, which have guided our improvement efforts ever since. If we had not been faced with these barriers, we may not have learned nearly as much about the power of giving employees ownership over changes.

## Frontline Personnel Must Be Involved In Process Design



Initially we were stuck in “quick fix” mode and improvements were something we would “do to” our employees. Looking back, it is no surprise that we found it difficult to generate interest in top-down improvement projects. These initiatives only damaged trust and failed to result in lasting changes. Once frontline personnel began driving the projects that would affect their daily operations, we began to see a dramatic improvement in the commitment, energy, enthusiasm, and pride of our staff.

Our machinists took on many new responsibilities as part of this transformation. These tasks ranged from basic housekeeping and preventative maintenance to purchasing tools, placing orders for raw materials, training new employees and scheduling personnel and projects. We involved the preeminent minds in our shop in a series of intense meetings to develop standardized practices and began building the leadership skills and sense of trust that would become the foundation of our lean company. We learned that trust takes a long time to build, but only seconds to destroy.

*We also realized that accountability is closely related to self-sufficiency and if you can create an environment in which all workers have a sense of mastery in their skills, are trusted to perform and apply those skills, and sense a higher purpose in their work beyond a paycheck, you will find yourself in a powerful environment filled with motivated employees.*

## Looking forward to a never-ending journey into continuous improvement



Since we set off on the path to continuous improvement, we have made significant improvements in all aspects of our operations, not just engineering and manufacturing. Continuous improvement has become a way of life for us and is the foundation of our culture.

During 2014, we will pursue at least 80

improvement projects, most of which are driven by ideas generated by our frontline workers. It is often difficult to calculate a return on investment for these projects in dollars and cents, but even if they cannot be quantified on a spreadsheet, the benefits of increased trust and morale are tangible: it is possible to feel the difference in the energy, enthusiasm, and pride of our employees.

It has taken time, energy, and money to get the Daman team to this level, but we now stand on the edge of explosive growth with alignment throughout the company. We believe that as we continue to bring our systems and operations in line with the flow of natural processes, our people will be that much more motivated, fulfilled, and able to achieve mastery in their work.

We recognize that our journey will never be finished. No system is ever perfected, as the constant evolution in nature shows us. Going forward, we will continue to focus on what we can do better tomorrow. **Yesterday is just a benchmark.**



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