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The Role of HR in Developing and Sustaining a Continuous Improvement Organization

TOTAL SYSTEMS DEVELOPMENT, INC. | Lexington, KY | LeanCPI.com

Dear Reader,

This paper is my collection of learnings from transforming HR to support a continuous improvement culture in a variety of organizations. Although it is not exhaustive or a step by step guide, it is aimed at lifting the elements that are critical to success. This kind of transformation requires substantial planning and a deep desire to implement continuous improvement.

This paper is not only an investment of 45 minutes of your time, but an investment in the way you think about HR's role in an organization striving for continuous improvement. The traditional approach of leaving it up to operations misses the opportunity to leverage HR's additional change management capacity, capabilities and unique position within the organization. Feel free to email me at jallen@leancpi.com if you have any questions or are interested in getting started with HR's engagement in continuous improvement.

Sincerely,

John Allen
Founder
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John Allen is an internationally known expert in lean systems and change management, with over 20 years' experience training, implementing and coaching others in lean. His reputation as an authority on culture change, leadership and policy deployment placed him at the center of the movement to adapt lean to the armed services, and he has played similar roles throughout the world for OEMs, first tier and supplier networks in automotive, heavy equipment, garment, shoe, food and numerous other manufacturing industries.

John's insight into lean was acquired at Toyota, where he rose to Director of Training for their first North American plant at Georgetown, Kentucky. Later, under John's leadership, his lean consulting firm Total Systems Development led clients to two Shingo Awards, implemented hundreds of transformations and trained thousands in the challenges of a lean systems-wide approach.

He is the co-editor and co-author of the 500-page reference work Lean Manufacturing: A Plant Floor Guide (published by SME), and principal author of both the Department of Defense Continuous Process Improvement Transformation Guidebook, and the Air Force AFSO21 CPI Playbook, a chief interpreter of lean for the Air Force.

Contents

Introduction **1**

The Ideal Human Resource System for Continuous Improvement **8**

Attitude Towards Problems 10

Problem Solving 10

Monitoring the System 12

Enlightened Leadership 13

Job Security 14

Training 15

The Rational Way 16

Manpower Planning 17

Recognition 19

Establishing the Ground Rules for the Relationship 20

Selection System 22

Employee Relations 24

Establishing the Leadership Mindset 25

Organizational Structure 26

Job Rotation 28

Maintaining the Established Relationship **29**

Policy Deployment 30

Leading by Example 32

Leadership Mindset for Sustainment 35

Conclusion **37**

Introduction

Key Points:

- The organization must be focused on supporting value adders
- Operations role is to deliver value to the customer and develop the members
- HR's primary role is to engage all members to create a better way within a humane organization
- Change is not mysterious. It can effectively be managed
- The issue of trust is omni-present in all situations and must be managed

It is helpful to recognize that there are two types of individuals in an organization: those who add value to the product (they change the form, fit or function of the product to satisfy the customer) and those who support the value adders. The focus, however, of any organization must be on those who add value. The worker on the line in an assembly plant or the design engineer in an architectural firm are examples of the reason the organization exists and must be the focal point of the organization. It is easy to see that today's organization does not have the abundance of salaried and support personnel to sustain the organization alone. Therefore, the value adder is a needed resource to achieve customer satisfaction and has earned the support for the work they do for the customer.

An often-missed role of HR is to ensure that the value-adder is supported. Its main function is to create the system that allows value to flow smoothly and evenly without interference from people issues. HR focus policy, pay, benefits, employee relations, safety and development as the areas that have significant influence on the people who add value. HR also places the same

level of commitment to those who support the people who add value. In this way the emphasis is to enhance the process of delivering value through the direct engagement of each group with the aim of enhancing business performance. Their aim is to create a system of work that develops the will of the people to achieve excellence in their work.

If you examine the primary focus areas of a continuously improving organization, you can see the emphasis of HR is different and the desired outcome the same. For example, pay. Every company desire to keep valued employees for a long time. Pay is a matter of equity for every one of them. Equity comes from the company appreciating their work to deliver to the customer. This results a greater ability to pay and achieve pay growth over time. The HR department must decide how the pay should be positioned. It is important to make sure that pay is consistent with retaining talent. Pay must be understood from a competitive perspective with the actions taken by supervision being to ensure that everyone has both the skills and performance to accomplish pay optimization. This requires the perspective of leadership to ensure everyone is developed and coached to high performance, which ensures more enhanced performance in the future. HR should audit both pay and development to make sure it happens. This is driven by the assumption everyone is deserving of being trained and coached. Choosing winners and losers cannot be the norm for the organization.

Employee relations must support the same position to coach and develop winners in all cases. This includes teaching supervision the competency to encourage and coach everyone in their area. Even if there are problems, the supervision must find ways to encourage personal accountability in the resolution of problems. The culture must be representative of an

organization with high expectations that coaches toward achievement without the stick of punishment. It must also represent mutual trust and respect in all interactions. In the end the employee will choose to stay or leave based upon core requirements being actualized:

- They must be treated with respect and trust.
- They must have the knowledge of the situation to make good decisions.
- They must see equitable treatment in pay and benefits
- The organization must strive for improvement every day.

Change must be a steady state for HR and the people. Along the way there are two questions that determine change effectiveness. Both must be answered for the value adder before the process of change can proceed. People must know "What's in it for me?" and "Why should I change?" The lack of an answer leaves the employee only interested in protecting themselves.

Change is a difficult process for all and especially difficult for a person who has continued doing their job the same way under strict standards for years. After all, most would say, if the job wasn't being done the right way, then for all those years why have I been allowed to do work that same way?

Change becomes necessary for an organization because the outcome of going forward to a new way is far more positive for job security than maintaining the status quo. When the proponents of process improvement say it is the right thing to do and the rest of the

organization is striving to maintain the status quo then the likelihood of movement to process improvement is reduced.

Many have come to believe that the only way to move an organization to this desired change is to have a significant emotional event. This is a false assumption because the motivation to change must be steady, easily understood and committed. If change is based on a particular event, the motivation diminishes over time. The burning platform will only last of a short time.

HR's role is to create the environment of flexibility in people and process to allow change to proceed smoothly. Members given an opportunity to rotate to new jobs are more likely to support change. Members are challenged to learn new roles and tasks through job rotation and development activities and flexibility becomes second nature.

Flexibility is supported by a simple self-developed process they own. The member is taught new process and support until they achieve the expected quality & pace. Along the way their concerns must be heard by their team leader and utilized to create a better workplace. This environment is created purposefully. HR is the organization that monitors and encourages the enhancement of processes aimed at making sure it fits the system of work desired. They coach the individual on accountability while doing the same for the trainers and leaders.

We believe that change can be based on a logical construction of the situation with an image of a better way that is humane. It starts with an honest look at the driving force in organizational life. Satisfying the customer is clearly job one. However, there are two

customers in a systems driven workplace: their downstream process who receives their work and the final customer who receives what they want when the want it. The operator learns that satisfying their following process is the best way they can satisfy their final customer.

When enhancing the workplace, HR focuses on the equitable administration of the policies in place, the relationships that create the workplace and creating the environment that signals the importance of all people in the work system. Integral to this is open communications that strategically listens to all members, operates in a transparent manner and is willing to listen and adjust as the situation dictates. The rule is that decisions are made based on facts and consistency is determined by using all the factors in making a decision. This results in similar situations having differing decisions when all the facts are considered. For the operator the ability to make decisions starts fragile and develops over time. HR monitors this and assures that the development of the thinking is proceeding.

Competition can make us stronger or it can destroy us. Competition can serve as a catalyst for improvement that ultimately makes us more competitive and thus provides us with the ultimate payback: job security. Every employee is concerned with job security even when financial security is attained. The job is the basic unit of organizational life and provides each employee with not only a financial return but a social structure and security to engage the employee in positive interactions. When the job is threatened the worker moves very quickly to demonstrate that their job is important, and they accept accountability for their work. Problems are seen as opportunity for improvement and blame has no place. For these reasons, change for change sake is not desirable. HR creates a culture that easily adapts to any situation

because of the flexibility built into the systems. Having an organization which is not cynical of the change process allows things to change without destroying trust. HR's role is to monitor all anticipated changes and provide support while the changes are made part of the culture. The role of HR is wide and diverse and complicated. The result is change that is understood and easily implemented. If it is not, the organization will suffer, and job security will be diminished.

Once having understood the true nature of process improvement, most organizational leaders become zealots for change. However, leaders also tend to become proponents for a pace that is inconsistent with the true nature of change for most individuals. Results are expected immediately. Unfortunately, the true rate of change is directly proportional to the level of comfort achieved by those most effected by the change. Going too fast too early can at best delay the implementation of process improvement; at worst it can halt the change effort completely.

Leadership must first have a true understanding of work as a system and then ascribe to a plan that allows the people system to engage at a pace suited to gaining commitment. Commitment is defined as a willingness to suffer some inconvenience to accomplish something worthwhile. Without commitment, the change effort is seen as an inconvenience and unwillingness ensues. Therefore, allowing commitment to emerge is critical for the worker to be able to engage in the process of implementation.

The ultimate dichotomy emerges when the leadership expects increased performance immediately and the worker needs time to become committed. How do you achieve balance?

The answer lies in establishing the appropriate expectations consistent with the development of the person being asked to change. This makes development clearly a part of every change.

Leadership is expected to make a small sacrifice in the short run to gain tremendous improvement in the future. The worker must be expected to support the change effort, even though they do not clearly see the benefits. The linking pin for both is trust. If trust is not present, the logic of postponing results is not seen for leadership and the logic of trying something new and uncomfortable is lost on the worker. The worker develops trust when they see consistent action from the leader and understand why the change is necessary.

Trust must be earned over time. It is the result of having a measure of predictability in the relationship. Talking about it is insufficient. It must be observed. In a situation where the worker does not trust the motives of the leadership, taking one step at a time becomes critical to trust building as they go. Each step becomes a demonstration of how the transformation will proceed. Careful planning and evaluation can ensure the steps taken are seen as positive. Some steps can result in achieving gains and some may not. Understanding the ultimate gain to be achieved allows the leadership the judgement to take steps that do not result in immediate improved performance but enhances the level of trust.

Leadership must understand that the whole organization, not just the line worker, will test the implementation to see if it is a true way of doing business or if it is just another "flavor of the month". These tests usually start out simple. For example, the workforce may ask for "softer toilet paper and brighter light bulbs". These are not vital issues to them, but it is a test to see if a request that is irritating to leadership is taken seriously. Other tests have to do with

issues such as how overtime is handled, how people who have different ideas are treated, how job rotation is handled so the worker has less risk in leaning a new job and how the results of the implementation are shared with the worker. A response by leadership that is consistent with what is actually experienced with process improvement helps to build trust. Over time, trust is built one decision at a time until the direction is understood and can be committed to.

As the fabric of trust is sustained, it becomes obvious for the worker "what is in it for them". The environment is aimed at making them successful. With trust in the changes, they can do their best work and produce the highest quality without interference or hesitance. They are treated with respect and mutual trust. They are communicated with fully.

The Ideal Human Resource System for Continuous Improvement

When there is a discussion of the ideal it should be kept in mind that like continuous improvement, it is a destination not a departure point. The discussion of ideal is to give a basis of comparison as any organization seeks to achieve the highest level of a human resource system. The HR system is very important in this discussion. By definition, anything that does not support the system will hinder the overall system as a whole. For the leader, this means focus on not just isolated effect but to focus on what will positively impact system overall.

To characterize the ideal process improvement human resource system, you must begin at the level of vision to provide a standard that is most desired. In most organizations, the process improvement vision is a new concept and requires a careful thought about where the

organization needs to be in order to be competitive. All elements of the vision characterize the future, as it is desired to be. This vision must be written and communicated in unambiguous terms used by those who will implement it. It must be compelling and be a clear departure from the status quo. Leaders must be able to articulate this vision to encourage all members to take action, leading to the desired outcomes. For this vision to be understood and trusted, the message must be consistent. For most it will be just another statement with little to offer them. The connection to them is vital to success.

For 10% of the members it will be yet another opportunity to get recognized as early initiators. For another 80%, the vision will have to be proven. The remaining 10% are the most resistant. They have learned to not support anything until it is proven. The basic strategy is to utilize the initial 10%, who are early initiators to establish practice and provide the initial view of what is experienced by the others. The other 10% are asked to support the vision. The 80% must see the changes in action to come along. They are the real target. With them you can achieve critical mass and change is underway. Some parts of the organization believe that without full support from everyone, especially managers, the ideal is not suitable to proceed. If the agreement to proceed has time a timeline to achievement, so success can be anticipated, those 80% will agree to support until the first review is conducted and success is proven. They are acting in and experiencing the change as it is underway without feeling the pressure of having to agree before they are convinced.

Attitude Towards Problems

Once the vision is established, a mindset must be established to drive progress through involvement and support. This mindset establishes problems as opportunities to do better for the organization. Problems become a gateway to improvement. In a process improvement organization, a problem is defined as a deviation from an established standard. Implicit in problem solving is a decision to achieve standards that align with expectations set. Problem solving can then more easily progress as the standard become a basis of comparison for currently experienced levels of performance.

Too many organizations have an unwritten rule that bringing forth problems is bad for the career of the individual. These organizations put forth the notion that showing problems is a weakness rather than strength. Therefore, problems are discouraged from being discussed in a public forum. As a result, the opportunities for improvement that show up as problems are hidden. The growth of the organization suffers. Only by embracing problems as good will the organization make progress and engage all its members. As in other situations HR has the role to support and encourage problem solving. This done by fully utilizing problem solving methods to solve people related issues.

Problem Solving

The establishment of problems as being good requires having good problem-solving skills and the conscious positive effort to recognize those who bring up problems. The issue then becomes insuring that the person lifting up the problem is the one solving it. In this way,

problem solving becomes a value and not just problem identification. This skill, the ability to identify and lift up problems, should reside in everyone.

The production system requires that appropriate responses be made in all standard defined situations. These include quality problems, breakdown of the standardized work process, equipment breakdowns and many others. As these situations are discussed in a group of peers then role becomes an extension of ensuring the appropriate response is made. For example, when an operator signals that a problem exists in the completion of their standardized work and the roles are aligned properly, then support shows up in the workstation and assesses what help is needed for the value adder to complete their work with the highest quality. As part of their role this support knows they must manage a contradiction of keeping the line moving while delivering the highest quality from the workstation. The line may have to be stopped while the quality problem is fixed. If roles are not clear to the person showing up in the workstation they may simply say " ship it", damaging the value the customer receives.

Each of these situations have a support person show up quickly. If they do not see it, this becomes a clear indication to the person needing help that the company is not serious about quality, cost, or on time delivery. If the problems are difficult or can seriously impact the customer, the line can be stopped to fix the problem. This act is a major trust builder as the worker sees that problems will be taken seriously.

It is up to HR to monitor these exchanges and ensure that the leader and the value-adder both have the same perspective on the problem. All the problems are recorded and undertaken later to ensure that they do not persist. HR also monitors the problem solving to

ensure that the owner of the problem and the leaders are supporting each other to problem resolution. Inconsistency in the roles engaged in solving the problems will create issues with trust.

Monitoring the System

An ideal human system has mechanisms for constantly monitoring the morale of the people. This becomes necessary to both understand their attitude but to also identify development targets. This data can also help determine where the deviations from expectation exist.

The data is usually derived from four sources:

1. Opinion surveys
2. Daily interaction with the workers by the leadership of the organization
3. Constant walking of the shop floor by the Employee Relations representatives or Union representatives.
4. The level of participation in improvement activities

For these processes to be credible, the information must be acted upon and must be supportive of the principles of process improvement. A natural outgrowth of doing the monitoring and implementation effectively is trust. Trust comes from consistent application of policy and procedure support for the value adder. For opinion survey issues, they are prioritized and given with support to the supervisor who has the accountability to ensure they are fixed.

The people of the organization derive their opinions of fairness dependent on how simple problems are handled. The representatives of Human Resources are in constant contact with the actual situation on the plant floor. In this way, the people of the organization feel represented. That representation will build its credibility through the process of solving problems as well as interpretation and application of policy. The supervisor should always see their role as representing the members and the company. Representation becomes a check and balance for the health of the people system.

The Human Resource representative is also monitoring the development of the organization to determine if the company is developing good citizens. A citizen is a member of the company who is able to make informed choices consistent with the beneficial growth of the company. For a person to be a citizen of the company they must be fully communicated to about the goals and objectives of the company as well as the current situation. Communications becomes a business objective to assist in the development of the company citizen not just an exchange of information. Every worker is expected over time to be a citizen of the company.

Enlightened Leadership

Leadership and management must be enlightened in an ideal process improvement people system. The benefit of the enlightenment comes from understanding the vision as well as making and enacting decisions that are consistent with that understanding. The process of preparing leadership for this responsibility requires training and exposure to successful implementation programs. Also required is the ability to listen to all those they come in contact

with. This includes a heightened listening for deviations to the expectations or standards set. Preparation of the leader requires time and should not be skipped. Many times, the outcome hangs in the balance of the quality of preparation.

The primary preparation for a leader is the basis definition of role that comes from the production system. Role definition is a difficult process that requires the dedication of substantial time. Care must be taken to not define roles so tightly that each person feels they have a clearly defined box around their responsibilities while enhancing a sense of joint teamwork. Through problem solving and standard work the value adder should experience a sense of being in control of their responsibilities with continuing opportunity to make their jobs better. The company must take great care to select leaders who are willing to be accountable to the role.

Job Security

The question of "what's in it for me" requires a foundation of security. Job security is not this ultimate promise of a job for life. Job security means that as long as the company is making a profit and the employees engage in process improvement, they will not lose their job. The worker understands that if the company is losing business or money, certain actions to reduce cost are necessary. If these actions are not taken, then the fundamental contract with the employee, that is, payment for work accomplished, cannot be fulfilled.

What is often missed is the connection between job security and the actions the worker can take to insure competitiveness. By feeling secure in the job, the worker is then free to make

improvement including the elimination of their job. They know that the company will have something as good to go to. This could include kaizen teams, cross· functional investigation of problems or simply another equivalent job.

Many companies have gone even further to recognize the priority of actions taken when the economic viability of the business is threatened:

- First priority is to increase cost-reduction activities.
- The second priority is to eliminate overtime.
- The third priority is to bring outside purchased services in house.
- The fourth priority is to eliminate salaried bonuses.
- The fifth priority is to reduce salaried dollars.
- The sixth priority is to layoff support personnel and
- The last priority is to layoff hourly personnel who add value.

Making this priority list known helps establish the importance of the value adder and gives the worker a true sense of the degree to which their job security is protected. This is dealt with early during the onboarding process. This knowledge enables the value adder to create improvement without fear of losing their job.

Training

Training is always a problem to the plant leadership. Everyone recognizes the importance of training. However, training never seems to get done unless the organization embraces a simple principle: The organization grows as a result of development of its

personnel. Until this is recognized, training will never be seen as a priority. There is always too much pressure to produce. More enlightened companies set targets for hours of training per year for all members. This allows leaders to create a workable manpower plan that accommodates all members being trained and minimizes negative impact on production.

Training must be aimed at building worker competency. This necessitates development of the worker being understood as a good investment. Training for the sake of filling seats in classes becomes *entertrainment*. Training must be aimed at the development of competency on the job. Competencies are those behaviors that lead to success on the job. It is the collection of behaviors that when performed will create successful outcomes on the job. All courses must have terminal objectives to change behavior. Training off the shop floor becomes a place to practice new behavior. The change in behavior can be measured best by the actions taken by the members to support the targets of their area. Once trained, the workers must be able to validate the value of training as an event where behavior is learned.

The Rational Way

If you are truly focused on the worker who adds value, you quickly realize that all methods, processes, and procedures must be easily understood. Therefore, choosing the rational way for all interactions is an important element of a positive human system. This element ensures that information and solutions are implemented only when rational behavior is passed down through the organization and is easily understood and acted upon. Many times, the tendency is to create solutions to problems that are driven by support personnel. These solutions are generally difficult to understand at the workplace and require an engineer or

equivalent to implement. Rational solutions require that the people who add value can easily understand and implement the solutions. The reality is that this takes more time but is ultimately time well spent toward empowering the value-adder.

Additionally, the rational way becomes understood as a path forward that is less threatening, more easily implemented and readily maintained. This is the usual outgrowth of improvement originating from the line worker. This has direct implications on how the rest of the organization provides help to the line worker. Making interventions simple and easily understood is the aim of every interaction. Having the entire line workforce enlisted in the battle to remove waste is necessary and keeping change at a level that encourages them is imperative to this aim. Without this you minimize the value of the value-adder.

Manpower Planning

The ideal continuous improvement people system must have a balance between long-term thinking and short-term action. No other element better exemplifies this than manpower planning. Without a long-term plan for the number and type of people to be at work in the organization, the likelihood that hiring and training will be inappropriate will be greatly lessened.

As with all other aspects of the continuous improvement system, manpower must have a long-term objective. In the case of manpower, it is the protection of the job security. Job security is protected when the short-term hiring achieves the near-term goals and are not creating a longer-term problem of having too many people to be competitive. For the hiring

organization, several choices exist to handle short-term hiring needs including temporary transfers, contract hiring and temporary services. Each of these gives the organization an opportunity to reduce headcount and not impact the job security and the relationship with the regular employee.

Hiring long term employees must be carefully supported by an understanding of business growth and process improvement to protect all value adding personnel. A manpower plan becomes a commitment and as such, is not easily changed without aggressively attacking any problems that arise.

The common categories used are:

1. For direct labor, personnel including the team leaders who will spend on average of 50% of their time working on the line
2. Those who directly support the line, such as conveyance, maintenance, quality personnel and production control personnel associated directly with the line
3. All salaried personnel not described previously but not management
4. All management personnel.

This breakdown will help allocate personnel properly and maintain a balance ratio of four direct personnel to every one indirect. Planning should project out at least three years and should have an accounting for all major events that are to take place. These would include personnel turnover, additional required personnel with timing, expected promotions, major shifts in responsibilities and transfers from one responsibility to another. A definitive plan can

then be put together that describes the number of people by department and by classification. From this understanding, a strategy can be derived that allows the human resources personnel to manage hiring, transfer and promotion issues in a way that protects the job security of all personnel.

The issue of job security is so pervasive that once all the workers understand the manpower plan, they will assist HR in maintaining it. This is so unlike the usual relationship that exists as the production departments fight routinely for more people. The issue that is not often understood is what the impact of today's decisions to add people has on future job security. The achievement of a consensus on the manpower plan helps create an understanding that will allow HR to effectively manage the manpower numbers.

Recognition

When employees are asked “what are the characteristic they would like to see in their organization”, their reply always includes more recognition. Recognition given genuinely is the purest form of information about job performance. It can be used to shape future performance and motivation. In a continuously improving organization, recognition will point the way through the ambiguity of daily performance. Many aspects of process improvement appear to be counterintuitive, such as producing less when you can produce more, or constantly searching for problems or producing at the exact rate that satisfies the customer's demand. However, the most important recognition is team recognition.

Supervision and management are equally engaged in the practice of bringing recognition to those who exhibit the behavior consistent with success. The behavioral aspect of performance is the critical linkage. This is because in the short term, during the earliest phase, there may not be measurable results. Recognizing the behavior that will lead to favorable business outcomes is the linkage that needs to be made consistently during the implementation. This type of recognition is okay until it infringes upon those things that require a team to enact. This is not a trophy for everyone because recognition to all may not be individually hard earned. Keeping in mind that isolated effectiveness will not improve the system except when the overall performance of the entire system improves along with it. This creates a need to balance recognition with real target achievements. If possible, the recognition of the entire team is preferred.

Establishing the Ground Rules for the Relationship

The most important intervention in creating a continuous improvement people system is to ensure that the relationship with the employee gets off to the best start. This relationship must be based on the same principles of accountability, fairness, and development that guide the process improvement system transformation. The reason this is true is because the production system is the culture. All expectations of both the system and the people are set by the production system. Therefore, any effort to create a culture distinct from the production system is counterproductive to all change efforts. The production system becomes the culture.

Often, we see organizations that believe teams are the answer. They create teams immediately when the real need for teams only comes when the first major change in

operations is required. This change to the entire team requirements, such as a change in customer demand, necessitate that all individuals work together to determine the new rate of production. This clearly has the requirement of all members working together. This necessitates creating the way by which this happens and requires development of the team before it takes place. But by promoting teams too early, the lessons of maintenance of the standards can get lost. This requires individual accountability and must not be interrupted until the workers can demonstrate that they can maintain quality. The first priority of operations is to produce a quality product and the tool is standard work. This should persist until quality is sustained over an extended period. Only when quality is achieved can consistent delivery be pursued.

When a change in production rate takes place, all aspects of the process are examined to find and eliminate those that do not add value. If the relationship is built properly during the quality phase, then proceeding to this more aggressive change can be achieved. The workers will examine their standard work and level tasks to achieve a new balanced production volume. The expectation becomes working together as a team to achieve consistent daily volume. Team is required and emphasized.

During this major event of leveling workload, HR monitors the process and ensures that both the goals of the company and the development of the team proceed to becoming a valued structure for a smooth flow of information and engagement. Issues of team separation are sought out and coaching is conducted to how the processes of team development and business objectives are one and the same.

The expectations of the members need to be congruent with the mission, values and guiding principles of the organization. The mission is distinct for each organization. It has been said that the mission gives broad guidance as to how the organization will achieve its values and principles. The mission is what is expected to be achieved and the operating principles and values define how the organization achieves its mission.

The values and principles should include statements like the following:

- Always strive for cost consciousness,
- Problems resolutions must be rational to the shop floor,
- Strive for mutual trust and respect between employees and management,
- Put the customer first, maintain competition and cooperation with the industry,
- Have respect for the value of people and promote challenge and courage.

While the written word is important, the demonstration of the basic values and principles is critical. A process improvement people system that supports a process improvement production system takes a great deal of care in giving meaning to these values and principles. They become part of the ground rules and the expectations for accountability by the employees as they mentally match what they are hearing with what they are seeing and deciding how to achieve accountability.

Selection System

Another powerful factor in establishing the ground rules for behavior comes through the process of selecting people to be employees. The selection system can send some very

direct signals to potential employees as to what is expected. Many organizations have gone to a "day in the life" assessments to be able to observe the candidate working in an environment that approximates the real work environment. This selection process is designed so the organization can both observe behavior and communicate what is expected on the job.

Those who successfully pass the assessment are given structured interviews that once again send some straightforward signals about what is important on the job. The combination of behavioral observations and behavioral samples allows the company to select the best fit for their organization. This provides the candidate with specific information about expectations so that they can make a good choice about employment. As a result, ground rules are established before the person is selected.

After the employee is selected, the ground rules are further enhanced through the interaction with the company's management beginning with the onboarding process. Specific effort should be made by the company to see that these interactions are consistent with the behavioral expectations of the process improvement culture. Inconsistencies can result in a lack of trust by the employees and great difficulty in getting them to accept a new way of thinking and doing.

There are several key opportunities to set the appropriate expectations. These include the understanding of the role of the employee relations organization, the mindset of the leadership to first involve and then empower employees, the overall organizational structure, safety, health and ergonomics focus, and the use of job rotation to emphasize flexibility in the workforce.

Employee Relations

The Employee Relations (ER) organization is challenged with the task of maintaining consistency in the decision-making. Their responsibility includes communications, discipline, recognition, employee problem solving, supervisory relations, attendance and policy development, to name a few. These responsibilities are opportunities to either reinforce the culture or fragment it. Early in the introduction of the process improvement enterprise, the employees are looking for clear, consistent messages supported by actions. By working directly with supervisors, the ER Representative can dramatically shape the behavior. The goal is for the supervision to be able to achieve all the values and principles on their own

Incongruencies tend to confuse and discourage employees. They will cause them to make moves to protect themselves. It is important to understand this if the company intends to make continuous improvement to the operating system. Without clear messages, there will be a reluctance to aggressively implement the process of improvement to the system. They should understand that the cost of going forward becomes much less than the cost of maintaining the status quo.

The ER organization has the responsibility to create, monitor and interpret the company's policies. They are the keepers of the “key”. A policy in a process improvement organization creates the expectation for how everyone will be treated under prescribed circumstances. These policies should be prominent in the interaction with the employee. Consistency in policy interpretation is measured by considering the same factors each time used to make a decision, not by making the same decision each time a common issue comes up.

Care must be taken to ensure clear communication to the employee so that they see an interpretation as being an extension of the expectations set before.

Employee relations is a great place to set in place processes that support the enactment of policy. Employee councils can be used to determine fairness in policy interpretation. Hot lines can be established to hear first-hand from employees about their concerns and questions. Committees can be established to develop and enact new policies. In doing these types of employee involvement interactions, the organization gains a stronger commitment to policy and enactment.

Establishing the Leadership Mindset

In order to create the behavior necessary for implementation of process improvement, leadership of the organization must establish a clear mindset that is consistent with the values and principles. This mindset includes the belief that all employees can contribute to the company's success.

This should also include:

- A willingness to explore the potential of the employees
- A customer rather than a power relationship with the employees
- A willingness to shift power to the line worker
- A willingness to provide support
- Assurances that everyone will support the above and have a willingness to eliminate their own job

- Willingness to experiment with the level of involvement of the members
- Actions that engage and train every employee

Along with this leadership mindset comes a work site management style that includes several facets. Work site managers must willingly encourage self-development on the part of everyone. They must listen and respond to employee concerns. They must be an example by following all the work rules and regulations and they must respond to all infringements. They must understand the specific jobs in their area. In doing these things, they will lead the workforce by example. The member will experience a leader who is concerned about their issues, concerns and ideas plus a leader who takes action quickly. The primary tools of this set of behaviors includes listening with enthusiasm, the ability to make good decisions once given all the relevant facts and the ability to think critically about all decisions.

In daily interactions with the leader and their team, HR encourages and coaches successful use of the operating principles to achieve business goals. This coaching focuses on how each of the operating principles can be translated into leader action that supports the accomplishment of business goals. HR in these instances must create a level of trust aimed at performance improvement, not deviations from overall performance.

Organizational Structure

Part of the ground rules includes the way the organization is structured. It must be understood that the organizational structure is established for one reason: to support the line

worker. Support means that any problem that occurs on the line is given immediate priority so the work process can be completed within the takt time. This support requires a method for signaling for help, providing control for the workgroup leader to respond to issues in a timely manner and enhancing skills in problem solving.

A critical area is the response time of the area leader to occurring problems. The response time is characterized by the ability to solve problems within the takt time. Usually a ratio of leader to worker is around 5 to 1 on a process improvement assembly line. This span of support is usually determined by both distance to the points where aid is needed and the ability of the lead person to quickly solve problems. Once the organizational structure is established, consistent monitoring is required to ensure the line is not stopping too often due to the lead person not responding. The structure is based on the ratio of Team Leaders to Team Members. A consistent ratio of 5 to 1 is used to make it simple. At times this changes, driven by increasing complexity of the workplace or product.

For a machining line, the organizational structure is different because the number of machines is greater than the number of line workers. The priority of issues to be worked is set by an electronic signal sent by the machine and visually displayed in the machine cell. The lead person monitors the visual display and instructs line workers as to the priority of issues. They then monitor the quality and timeliness of the response to determine training needs and where assistance is needed.

The organizational structure is set by HR and problems are worked to ensure business performance. During the manpower planning effort, HR represents the leader's perspective on

span of support by understanding how the organization is functioning as well as the problems that are created. Over the years at Toyota, the ratio team leaders to team members has been reduced to accommodate a variety of issues such as the complexity of the product increasing, the learning that must take place for the team member to deliver 100% quality and the physical distance for the team leader to get to a signal for help. By understanding these factors, HR can create a realistic plan for manpower and support the accomplishment of organizational goals.

Job Rotation

The issue of job rotation is important not only for initial implementation of process improvement, but for the long-term viability of the process improvement enterprise. Job rotation in the short run helps to prevent work-related injuries due to repeated movement. It also keeps the worker excited about learning new responsibilities and gaining flexibility. We recommend that in the earliest phases of transition to a process improvement organization, job rotation become a routine. It will require support from the lead person to train the line worker in their new responsibilities. This training should take the form of a simple, repeatable process and having the line worker as the customer.

The process for training someone in a new job is called Job Instruction Training. It is simple and based on the assumption that unless the student learns the teacher hasn't taught. Making the workgroup lead person competent in Job Instruction Training is a key to having the line worker accept job rotation. If the workgroup lead person is not competent in teaching, the risk is too great for the line worker to rotate and they will invoke seniority to remain at their present job.

You can clearly see that setting the appropriate ground rules is key to implementing process improvement. Ambiguity in the company's expectations results in a lack of trust within the workforce. Without trust, the inclination is for the line worker to remain in the current job, even if it is clearly inferior to process improvement. Making sure that the expectations of job rotation are pursued is the role of supervision and management. They must monitor carefully so that the expectations of flexibility can be attained. Having these expectations set early is an indication that what is to follow will, at a minimum, be consistent with the communication around process improvement implementation.

The support by HR in the process of job rotation is to monitor and ensure that the standard process for job rotation is conducted so the learner is actually learning and feeling supported. This role is vital to the process of keeping members flexible. By coaching for success, the HR person can enhance the trust of the members to accept this aspect of enhancing job performance and flexibility.

Maintaining the Established Relationship

With the ground rules established, the organization must now shift its focus to maintaining the gains achieved in the implementation. Maintaining the expectations is by far the most difficult process in the implementation of a process improvement people system. It requires constant attention. This maintenance is not a random process but rather a series of specific interventions that keeps the momentum going. The goal is to sustain changes before the next improvement. Most workers do not like sustainment. They want to move on with the

next improvement. If you are going to have a reliable output, then sustainment becomes a priority.

HR in its daily interaction at the workplace becomes very familiar with the interaction of the members and their leaders. These interactions all become tests for the leaders. Being right is not the sole formula for operational success. The relationship must be reliable for the member to not be distracted and interfere with their role. This interaction is the primary playing field for HR. By coaching for success in support of both the leader and the member, the HR person is put in a position of trust which enables their acceptance. Once accepted, the coaching becomes an integral part of performance and valued by all.

Policy Deployment

The key to maintaining the expectations is the process of goal alignment and commitment. This process is referred to as policy deployment. Policy deployment begins with an honest assessment of the operation's current state and continues in on-going cycles that never culminate. The steps taken involve the writing of a long-term plan for business success and progresses through all layers of the organization where goals are set to support the long-term and annual goals of the organization. At each step, the system of policy deployment checks to make sure that plans and goals are aligned and that those responsible have the resources to complete the objectives. The Manager determines what needs to happen to achieve competitive advantage and the subordinates in succession write plans to show how it is going to be implemented.

Once the goals are aligned and committed to, the manager/supervisor monitors performance to realize the goal's outcome. This monitoring can take the form of either coaching or formal reviews. In either case, the aim is to ensure the performance matches the expectations set in the planning process. The quality of the long-term and annual goals by the manager/supervisor will determine if the goals must be reconfigured at any time to reflect the current situation. Changing them should be a rare occurrence.

The information gained in the final annual review becomes a part of the planning process for the next year. With this information, the cycle is both completed and begun again at the same time. The data gained in the annual review process will influence the long term and annual goals for the next year.

The essence of policy deployment lies in the quality of the discussion held within the organization. The quality of discussion in the alignment meeting relates directly to the level of the plan and the full understanding required by the plan developer. If the manager allows the plan's author to proceed without belief that the plan is understood and supports his/her goals, then the quality of the discussion is poor. If the manager knows the goals are understood and that the plan is written at a level so that appropriate action will ensue, then the quality of the discussion is good. Another measure of quality in this process is the extent that the resources match those needed to accomplish the goals. It may be in the manager's best interest to see that resources are scarce. However, if they are so scarce that the likelihood of failure is great, then the manager has failed the process. Therefore, the manager requires an understanding from the subordinate about the level of resources required.

Policy deployment is the basis for maintaining the expectations. There are other supportive methods available to ensure its success:

- A program of Recognition and rewards for exhibiting successful behavior is essential
- Having a consistent, disciplined problem-solving process
- Conducting opinion surveys is useful for understanding issues of morale and support
- Having a suggestion system that supports small gains made in the implementation is useful
- Having supervisors managing daily performance is a necessity.

Leading by Example

There is no issue more important to maintaining the relationship between the workers and the leadership than the examples set every day by leadership. Leadership is tested every day and must successfully pass these tests to ensure that the proper messages exist in the organization. These messages are about what is important and how a predictable relationship can be created and maintained.

Daily, the leadership must answer some fundamental questions about how the organization is going to proceed. The most important question is "what are the real standards for the organization?" The answer in a process improvement organization lies in the way people add value to the product and the way workers are supported in the process of adding value. For the worker who adds value, standardized work is the procedure of setting the work methods and maintaining them over time. Leadership must insist that the standardized work

procedure be followed. Leadership knows the significance of drift from the established standard. Drift will cause the organization to lose efficiency and achieve far less than it can. Every day leadership must observe how people perform to their standardized work and not allow deviations to occur. Similarly, leadership must insist when a deviation occurs that problem solving be utilized to eliminate the deviation and move performance back to the standard.

Having made the statement that those who add value to the product are the most important in the organization, the leadership will be constantly asked by these people, "how important am I?" This test represents a desire by the value adders to never let the organization forget how important they are. The context for the question is around issues of absence, pay, benefits, disagreement with supervision, disagreement with fellow workers and policy interpretations. Each time a question around any of these issues arises, leadership must clearly understand that the issue is more than the presenting problem. Rather, it is an opportunity for leadership to reinforce the agreement established in the policies, principles and values espoused.

Leadership must ensure that those who add value are involved directly in designing the workplace, that they are rotated to achieve flexibility and desirable ergonomic practices. Training is another opportunity to show importance. By insisting that people be trained in leadership is a method of establishing the pattern for enhancing the person and is a basic strategy for growing the organization.

Most perceptions of importance come from the communication pattern. The frequency, level and the attention paid to communications will become a practical demonstration of importance. Great care must be taken to ensure that communications flow freely in all directions. The flow is the important element. The issues of sophistication can be worked on only after the flow is continuous and the level of communications is consistent with treating all personnel as adults.

Periodically, issues will arise that test the leadership. The issue of overtime is a very serious test. Hourly paid personnel want the additional income but also want the time away from work. Even the most difficult advocates of working overtime will find a way to take time off to compensate for the additional work. In a process improvement organization, overtime is only worked on a daily basis to compensate for a lack of achievement of the daily schedule. The exception is when short-term commitments for product outstrip the availability of hours used to calculate takt time.

In many operations, overtime has become a disease that compels personnel to work to maintain a standard of living they have achieved during prolonged periods of overtime. These personnel will do whatever it takes to maintain that standard of living. The expectations have been set at home and are not easily changed.

This becomes a significant challenge to the organization's leadership. Managers must react in a way that is appropriate to maintaining daily schedule attainment while not forcing personnel to take actions that make overtime required. In these circumstances, the attainment of the daily schedule can only be maintained if the discipline of standardized work is

established. The best way to achieve this is to have overtime available but only to work on improvement activities. In this way the personnel who want to work overtime can while standardized work to a takt time is preserved.

Leadership Mindset for Sustainment

The change to process improvement must begin with a true leadership mindset change. This change will often be a clear departure from the traditional organization. A traditional organization requires management to view itself as distinct from the process. In this manner, the management is not adding value. It usually is characterized by a feeling that there is a need for the separation between thinking about the business and doing the value-added work. Employees are expected to operate as individual entities that function to make as much product as possible. Any improvement in their work life comes from management making all the decisions that affect them. Traditional organizations believe that management is the one best prepared to make the decisions by virtue of their education or because of the social levels they have attained.

Working in a process improvement enterprise requires a completely opposite mindset. The mindset must be to think of the facility as a functionally interdependent unit. It must be a unit that considers the impact that decisions for one part of the organization will have on the rest of the organization. For example, what is the impact of reducing inventory in one segment upon the flow of the rest of the organization? The organization must change from a collection of lone experts to groups of collaborative teams. The transition must eliminate functional boundaries in favor of a system wide perspective.

Embedded in the thought process of a process improvement organization is the belief that everyone in the organization is capable of making a contribution. This often leads to the resolution that each individual is worthy of being developed. Time for training becomes a business strategy not an inconvenience. Training time is subtracted from the available time in calculating takt time. Training reliability becomes a focus of leadership attention.

Gaining of competency becomes a necessity. On the job behavior that is consistent with training objectives becomes a driving force for reinforcement on the job. The support structure of supervisors and team leaders must be prepared to monitor behavior and provide coaching to support the training.

The mindset must shift from impulsive decision making to disciplined problem solving and implementation of countermeasures. This necessitates having problem solving skills and an insistence from leadership to follow the established processes. The organization must eliminate the old habits of solving problems based on opinion as the only basis of data gathering.

For the line worker, a true understanding of job security is the basis of moving forward. Line workers must see themselves as the protectors of job security. They must understand basic business principles to help support decision-making and challenge inconsistent conclusions. They must be committed to disciplined action so that standardized work can become a reality. They must be willing to tell the leadership they have made wrong conclusions. Likewise, management must be willing to listen.

Conclusion

Managing the people system is a difficult process not enabled by a formula. Every interaction with the people in a process improvement organization is an opportunity to either enhance the removal of waste or destroy it. Care must be taken to ensure that actions involving the people in the organization are thoughtfully considered. Even the simplest interactions such as written communications should be planned and consistent with enhancing the theme undertaken at the time.

Clearly leadership is the key to the pace and depth of the transformation to a process improvement organization. Leadership must come to realize that process improvement implementation is a "contact sport". Living the principle of going and seeing the actual situation cannot be an afterthought but must be the normal part of every day's routine. Being in the area where the value is added not only enables the leader to see what is actually happening but enables them to measure performance against the standards set in the policy deployment process. Once discrepancies are found then the leader can use the skill of matching his/her leadership style to the situation. In those places where the followers do not have the skills or motivation a more directive style is called for. In those situations where the followers have some skills or some motivation, then a coaching style can be used. In those situations where the followers have skill but lack motivation, a more participative style can be used. In those situations where the followers have the skill and the motivation, a delegative style can be used. At all times the leader is matching the style of leadership used with the development level of the followers.

A critical tool in the leadership of people in a process improvement implementation is the simple plan. Too many times planning is put off for the sake of getting to the action, the implementation. For a leader the plan is a concrete measure of the development level of the individuals being led. In a plan you can see the thought process, the level of attainment expected, and the level of resources required. From this the leader can determine how much assistance the individual needs to achieve the goals set. The form of the plan is highly variable and can be a source of information about the individual's ability to organize their thoughts.

Planning becomes the key process in the first step forward to implementation. Insistence that enough time be taken to ensure planning success is usually the first challenge to the leader. It's a test of your commitment to smooth implementation. Even though the people implementing will want to proceed immediately they must be slowed to mastering the plan before they proceed.

The resistance to planning is a usual occurrence. This resistance can be overcome by making the planning process fun. By simply gathering those involved together in a room with lots of sticky notes, the leader can lead the group through a planning exercise.

Simply ask the group to write as many tasks necessary to accomplish the goal before them individually on sticky notes and stick them to a large wall. All the tasks are read and duplications and irrelevant items are discarded. What is left are the tasks necessary to complete the goal. The tasks are then grouped and placed on the wall in chronological order. As they are placed it becomes apparent that there are gaps in the plan. These gaps can be easily written and placed in the proper sequence.

After the initial plan is created a discussion about how far and how fast will provide the information about start and end dates. From this information, a real discussion about resources required can be held. In the end a simple plan has been created with all the information needed to use one of the computerized project management tools. This document then becomes the tool you as a leader uses to manage the project. In addition, the plan can serve as guidance to all involved for the development of subsequent plans.

HR covers many areas of the system of work and the basic relationship required to create the process improvement organization. It is important that the individual areas outlined in this document not be taken individually but as elements of the system. When considering the system, it is useful to have a plan that is comprehensive for all of them, some of which are not now known. The process of developing continuous improvement is an ever expanding one as situations and problems are discovered and added. It is fundamental in considering new additions to the Human System that the question of integration be taken up. By simply asking why you would add a new element and how it will enhance the human system needs to be asked each time. HR should never be in the business of chasing new ideas for the sake of remaining modern but should only add that which enhances the basic system.

HR supporting the creation of value is vital to the performance of the organization. Their success is dependent upon the organization's acceptance of the role and the primary value they play. Their contribution can make the difference between normal performance and

extraordinary results. Consider the possibilities but remember that excellence comes from the execution of the system not pieces.

For more information on how to situate HR to support your organization's transformation to continuous improvement, please email the author at jallen@leancpi.com, or visit leancpi.com to inquire about services.