

PROBLEM / CURRENT STATE – Most business leaders see Lean/CI as tools to be applied within the current “management system”. That makes it hard to “self-sustain” and derive the full benefits.

TARGET / DESIRED STATE – Business Leaders need to see Lean/CI as a “management system”. A MS that drives never-ending improvement of the way work is done (waste reduction) and never-ending refinement of the MS itself. That’s what a “culture of CI” is.

SOLUTION – Link traditional financial metrics to Lean/CI objectives, methods, and metrics to allow business leaders to “see” / understand the value of Lean/CI practices. Key to influencing business and financial leaders to support CI commitment (training and strategic application of practices).

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| Business / Financial Metric | Operational Description | Lean Methodology | Lean Metric |
| Sales Growth | Quick Response | Reduced set-up times (SMED) | Set up times |
| What does the customer value, | Small quantity orders | Standardized Work | Order to ship times |
| what is the customer willing to | Customized products | Repeatable processes | Throughput times |
| pay for? | Consistent quality, timing | 5S, Kanbans, VSM | On time delivery |
|  |  |  | % of tasks documented |
|  |  |  |  |
| Improved Cash Flow | Reduced inventories | Predictable product flow | Inventory turns |
| Cash moving through the | Use of non-productive assets | Single-piece flow | Increased capacity |
| Enterprise, not locked up in | Elimination of non-productive | 5S, Kanbans, Takt time, VSM | Decreased downtime |
| assets | assets | TPM | OEE (overall equip efficiency) |
|  |  |  |  |
| Lower Product Costs | Reduced waste in multiple forms | Root cause problem solving | % or # problems solved |
| Decreased product costs at any | Materials | Standard work | % of defects / errors |
| Point in the process can increase | Reduced defects | Labor cost reductions (all costs) | Cost per unit |
| Profit margins |  | Reduced rework |  |
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| Improved ROI / ROE |  |  |  |
| How to get greater returns lower |  |  |  |
| While reducing investment / |  |  |  |
| Equity? Use profits for growth. |  |  |  |
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