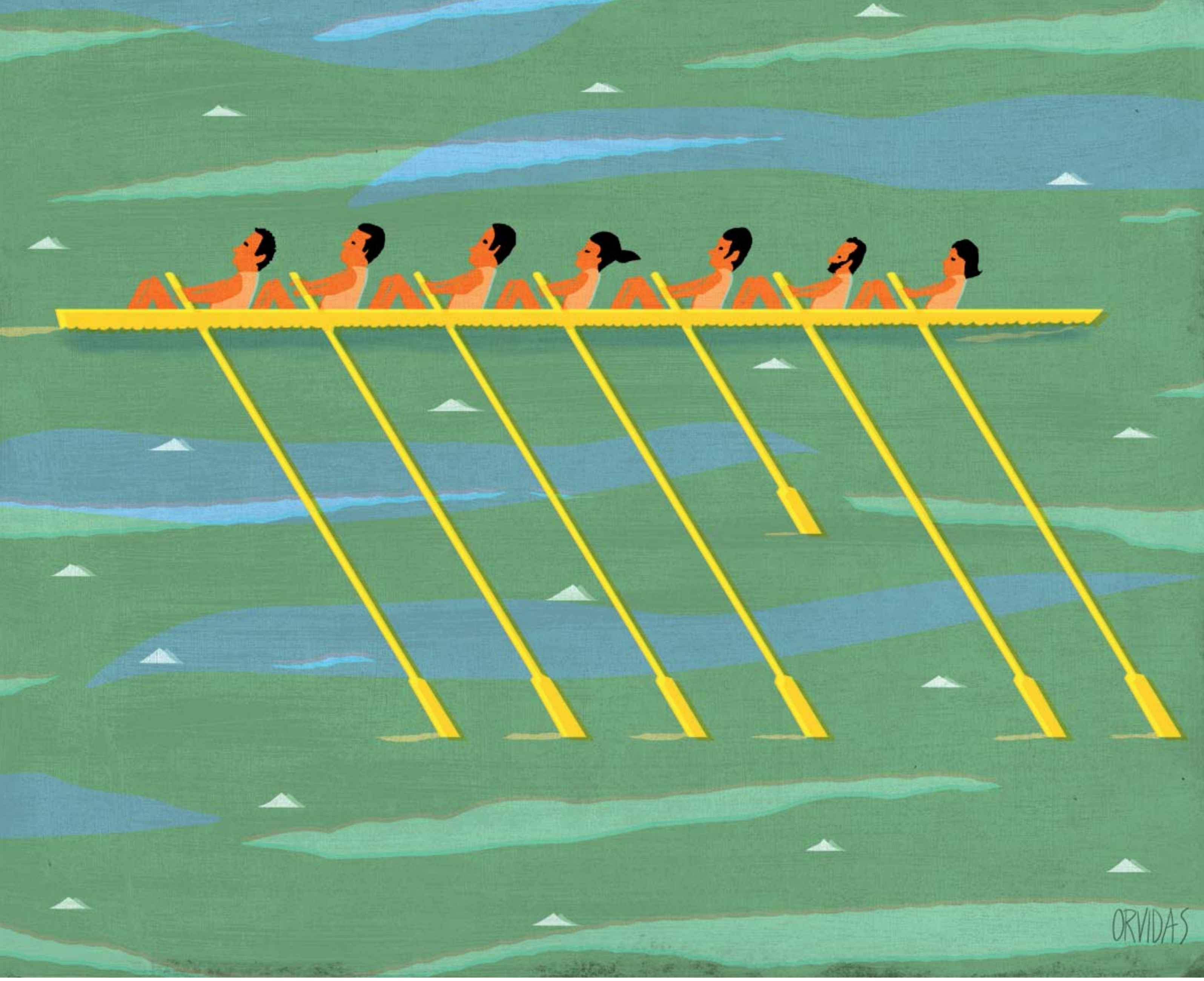


Lean's linchpin: The frontline manager

To capture lean's promise of continuous improvement, frontline managers must see lean as more than just a set of tools.

Alison Jenkins
and Mark Minukas

For financial institutions that are operating at unprecedented scale, one of the most difficult problems is simply to understand where they need to improve. Lean's solution, relying on frontline employees throughout the organization to see the performance improvement opportunities that executives cannot, yields extraordinary results at first just by uncovering issues that have long remained hidden.

The hard part is to keep this cycle going. That will depend in part on leadership from above (see "Building lean leaders," p.60), but even more critically on the support that frontline employees get from their immediate supervisors, who will need to take on new roles. Rather than "firefighting"—guiding their teams through tough situations and making judgment calls—frontline managers working in a lean environment become teachers and coaches, overseeing the system as a whole and building their teams' capabilities.

Some frontline managers make the transition easily, developing an almost instinctive grasp of how lean principles and systems can help them and their teams. The easy success stories can make lean management seem like nothing more than a matter of selecting the right lean tools. Too often, executives think that so long as they give their frontline managers a few whiteboards and a good set of metrics, the rest will take care of itself.

It almost never does, and institutions that are serious about lean understand the limitations of a tool-centric view. As important as the tools are, they are effective in sustaining performance improvement only to the extent that they are an expression of a much deeper shift in how frontline managers view themselves, their teams, and their jobs. It is this transformation that is essential to address. Focusing too closely on the tools can encourage frontline managers to view them as little more than additional boxes to tick. But by integrating the tools into a comprehensive system, institutions reinforce fundamental changes in perspective.

The integration must encompass three critical functions that the frontline manager fulfills in a lean organization: matching the workforce to incoming volume, or *workload allocation*; ensuring that workers are able to meet work demands, or *performance management*; and systematically uncovering and confronting obstacles so that they do not recur, or *root-cause problem solving*. Crucially, lean recognizes that each of these three elements depends in part on the other two: in managing employees' performance, leaders will naturally need to review how work is distributed, and they must identify the underlying reasons for gaps in productivity.

Tools are indeed a part of what binds the three functions together. But the tools' deeper value lies in how they embody and strengthen a set of mutually reinforcing mindsets (Exhibit 1). Understanding the principles behind the tools puts managers in the right mindsets, and having the right mindsets makes the tools more effective. This virtuous cycle enables a frontline manager to become a good teacher and coach—one capable of turning an ordinary operating unit into an engine for continuous improvement.

Workload allocation: A rhythm that responds

The virtuous cycle starts with workload allocation, which serves to ensure that the tasks involved in serving customers are assigned in such a way that work is completed accurately and on time. Superficially, workload allocation can appear almost mechanical—a simple matter of matching tasks to employees. But in practice, it requires constant adjustment in response to changing conditions.

To make the right judgments, managers must balance two mindsets that are partly in tension. The first holds that employees perform

Exhibit 1

Shifting managers' mindsets helps make lean tools more effective.

From		To
I just need to make sure my group meets customer demand—how they do it does not matter	**Workload allocation**	I understand customer demand in detail and know how to support the team in meeting those needs throughout the day
Individual performance and conflicts within a team are private matters, to be discussed only when absolutely necessary	**Performance management**	Making performance and problems transparent is critical to helping my team perform better
When problems come up, it is better to work around them than to waste time dwelling on them	**Root-cause problem solving**	Problems are opportunities for all levels of the organization to improve

best when they work at a steady rhythm. This concept of "flow," carried over from production lines, requires the manager to monitor the operation closely for variations that could interrupt employees.

Yet flow alone will not serve the organization over the long run. Endless repetition of the same tasks quickly proves stultifying, conjuring up images of Charlie Chaplin with his wrenches in *Modern Times*, his arms still twisting away well after he leaves the factory. Managers must therefore embrace a second mindset: that employees excel when they are comfortably challenged in their work. The "comfort" part of the equation suggests that employees want continuity, but the element of "challenge" means that their work must gradually change to expand their skills. Managers must avoid wasting employee talent and instead give the most complex tasks to individuals who are ready for them.

In fulfilling these requirements, managers typically rely on a few common lean tools. A skills matrix incorporates performance data to help identify which employees are qualified to receive specific kinds of work, as well as to pinpoint opportunities for further cross-training. Meanwhile, a customer demand profile assembles data on incoming work to determine how many employees are needed for specific tasks, providing early warnings of potential mismatches. Finally, a visual performance board shows the status of all work currently in the system, allowing the manager and team to monitor workload conditions.

Performance management: Making progress transparent

The focus of performance management is to identify and fill the gaps that inevitably arise between actual production and the targets that the institution sets. These gaps can be temporary, as managers deal with fluctuations in workload demand and employee availability, or more chronic, as the organization's needs shift and employee capabilities change. Nevertheless, regardless of the time frame, the real work in performance management lies in making performance transparent at all levels of the organization so that adapting to conditions becomes a group responsibility rather than just a collection of individual efforts. Performance management boils down to three mindsets. The first is openness, holding that a group's performance should be immediately apparent to anyone observing it. This idea represents a radical change in many organizations, where performance is something revealed only occasionally, if at all. Yet it is essential for managers so they can allocate workload effectively, identify opportunities for deeper skill building, and reveal issues for further problem solving.

The second mindset relates to the manager's new role on the team, in which instruction, guidance, and role modeling replace crisis management. The successful manager embraces this definition of leadership by offering frequent, rapid feedback that assesses the employee's current activities, and by providing coaching to support the employee as he or she tries out new approaches. Performance becomes a constant conversation, with managers replacing infrequent, awkward performance reviews with discussions that occur more informally—and that now account for a majority of the frontline manager's day (Exhibit 2).

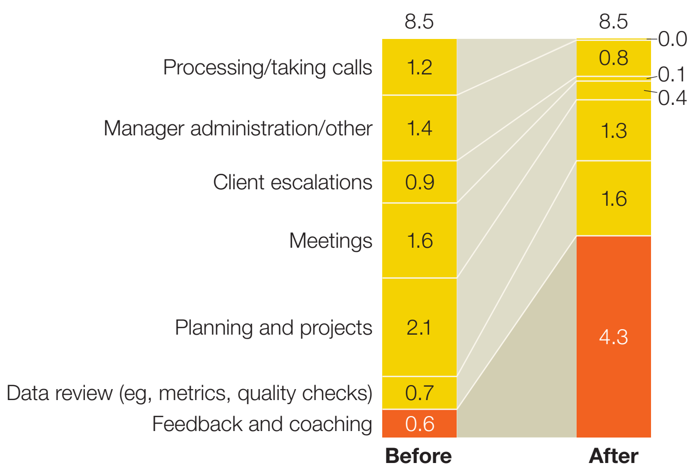
The third mindset recognizes that standards are essential to support transparency and engage all of the workforce in improving their work over time. Rather than stifling creativity and involvement, standards become a way of empowering employees and managers alike to share best practices, allowing them to focus their ingenuity on identifying how work could be done even more effectively.

One tool for making performance transparent is a visual performance board, which shows exactly how the group is performing relative to its targets (for an example, see Exhibit 2 in "Tackling the roots of underperformance

Exhibit 2

Managers can move from a focus on "firefighting" to a focus on coaching.

Asset management example, Hours per day



in IT," p. 107). Performance boards are typically used in daily huddles, where results and targets are discussed openly as a team. Meanwhile, feedback and coaching relies on "sit-withs"—structured, regular meetings in which the manager sits down with the employee, observes how he or she works, and actively provides feedback and coaching to help improve performance. As the employee progresses, the manager updates the skills matrix, enabling further changes to workload allocation.

Because sit-withs occur often and focus mainly on training, both managers and employees see them as much less intimidating than official reviews. Employees thus feel more comfortable about revealing issues, giving managers greater insight on employee capabilities and on operations as a whole.

Standard work[1], which reflects the collective best-practice knowledge of all team members, is a particularly effective tool to use during sit-withs because it shows how employees should handle particular types of work. Managers can use standard work to assess employees' use of best practices, provide coaching on ways to improve, and gather ideas on identifying and eliminating areas of waste in the team's processes. As those ideas are implemented, employees and managers must update the standard work—thereby continuing the long-term improvement cycle.

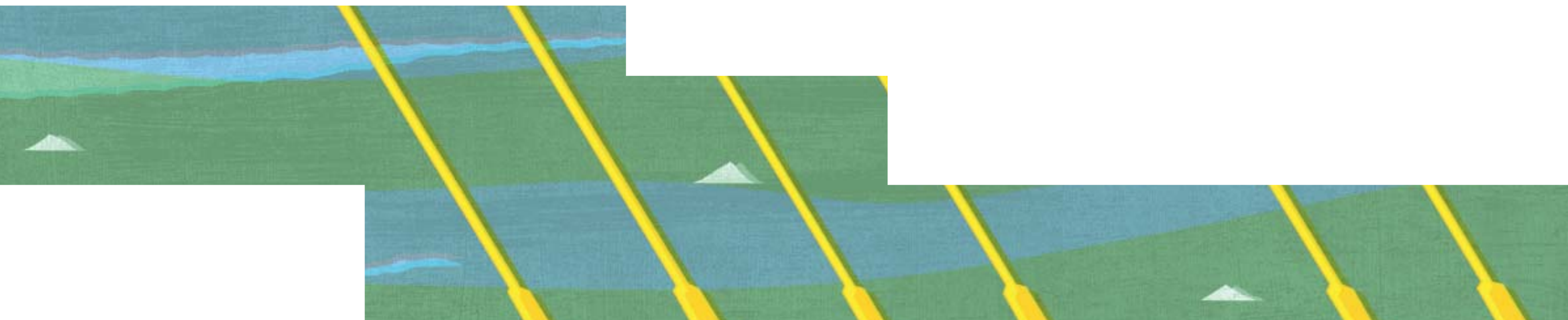
[1] Standard work is the best known process to achieve a target outcome, and typically includes a recommended sequence of steps, expected time per step, and key points for quality and productivity.

Root-cause problem solving: Turning problems into ideas

To address issues, managers encourage root-cause problem solving, an exercise that forces teams to push beyond superficial, short-term fixes. Managers must combine three mindsets to make root-cause problem solving work. The first, and probably most difficult, is to change their perspective on problems from things that are inherently bad to things with great potential to do good. Conveying this message to employees requires patience and consistency: it means providing rewards to employees who identify problems and disincentives to those who hide them. In this way, root-cause problem solving becomes part of the basis for measuring employee performance.

Once managers convince staff that it is good to raise problems, they must focus on the second mindset, which emphasizes objectivity in reaching a solution. Teams must rely on logical arguments and factual assessments rather than anecdotes and blame—which may require further coaching for many employees.

The final mindset is a willingness to reach as deep or as broad as may be necessary to address a problem completely. The "five whys" (that is, repeatedly asking "why," not "who" or "what," as deeper layers of a problem are revealed) are a classic lean structure—but in many cases, they are just a starting point.



The more difficult challenges arise when, as frequently happens, the team discovers that one or more of a problem's root causes resides in a different unit. When that is the case, managers must actively pull in support and input from the other units, rather than leaving the problem unaddressed.

To reinforce these mindsets, two tools are especially important. The first, idea boards, are publicly posted boards that list proposed solutions, the employees responsible for advancing them, and progress made relative to milestones. These boards become the basis for the second tool, which is a structured meeting cycle that provides further monitoring while also promoting ideas for implementation.

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By weaving lean management tools and mindsets together into a single structure, an institution equips its frontline managers to escape the trap of crisis management. While the tools are an enabler, it is the mindset shift that is essential for the institution to attain lean's full promise, which is an organization that keeps learning and improving over time. ○

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Further reading

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