Humble Errors

Ten Lessons Learned in the Creation of the Danaher Business System
LAS Opening Keynote: Breaking Down Silos in the Lean Enterprise

- Why share the DBS story?
- What’s behind these 10 “lessons” I’m sharing?
- Why do you need to know this?
Error 1: Only focusing on Shareholder results while ignoring other key Stakeholders.
TAKEAWAY

All stakeholders must win:

Winning can only be sustained through the focus on process-based results.
Error 2: Lean Positions Staffed with the Most “Expendable” Personnel

- Lack of faith in DBS drove the least talented to DBS/Lean positions
- Most times had line and staff roles simultaneously
Put future leaders into these roles if you are to build a Lean culture.
Error 3: Doing Lean without considering your Business Strategy

- Routine daily management (KPIs) was prioritized over true Strategy Deployment initiatives.
- Sometimes failed to focus on sustainable, repeatable processes.
- Could have become a key contributor to “flatlining.”
TAKEAWAY

Roughly 70% of your Lean initiatives (i.e., kaizen) should focus on achieving your strategic breakthrough objectives.
Error 4: Mostly Focused on Point Kaizen vs. Enterprise Kaizen

● Stopping at Point Kaizens is common
● Transition to Enterprise Kaizen is rare, but necessary to transform the enterprise
● Moving from functional goals to enterprise goals requires understanding and participation by leadership
Enterprise Transformation cannot be achieved when operating in traditional ways.
Error 5: Heavy Focus on Muda and not Enough Focus on Mura and Muri

- We weren’t going beyond addressing Muda, the seven traditional wastes of TPS
- Mura (unevenness) and Muri (unreasonableness) are caused by policies set by senior leadership
- The enterprise is compromised by the dysfunctional processes of a single function
TAKEAWAY

Senior leadership must critically reflect on and challenge conventional business practices that are in conflict with Lean principles and thinking.
Error 6: Attempting to financially justify EVERYTHING associated with DBS

- As a former CFO, I’m not able to provide financial justification for every aspect of Lean
- Traditional accounting practices WILL result in the death of your Lean transformation
TAKEAWAY

We do not run our businesses by the same rules we use to run our lives.
Error 7: Making the implementation of the tools THE objective

Use Lean Tools to REACH your objectives…
TAKEAWAY

Do not become enamoured with Lean...be enamoured with delighting your employees, customers, and shareholders.
Error 8: Leadership Viewing Lean as a Spectator Sport

● Leaders often wanted to outsource their Lean initiatives to the DBS Office.
● My requirements:
  ○ There must be knowledge transfer
  ○ Must be tied to Strategy Deployment
  ○ Hands-on Leadership must be involved
TAKEAWAY

Give a fish to a man, you feed him for a day. Teach a man to fish, you feed him for a lifetime.
Error 9: Basing Decisions on Cost vs. SQDC

- SQDC: Safety, Quality, Delivery, Cost
- Filter decisions through this priority order
- Instead of SQDC, most operate with CCCC
TAKEAWAY

Cost is a result of doing the other things right. You cannot cut (cost) your way to prosperity.
Error 10: Treating DBS/Lean as if it were OPTIONAL

- Some profitable divisions were poor at implementing DBS/Lean
- Senior leadership tended to give them a pass
- They were even more profitable with DBS
TAKEAWAY

There must be “non-negotiables.”

“DBS is not optional.”

- Danaher CEO, George Sherman
Thank you!
Contribute your flatlining stories.
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