

Are You a LEAN Mean Dealer Machine?



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Learning Objectives

- Identify the key LEAN concepts and how to apply them to your dealership.
- Discover how to measure, assess and change the culture to a LEAN based organization
- Learn how to successfully execute on a plan in the midst of your day job.



What is Lean?

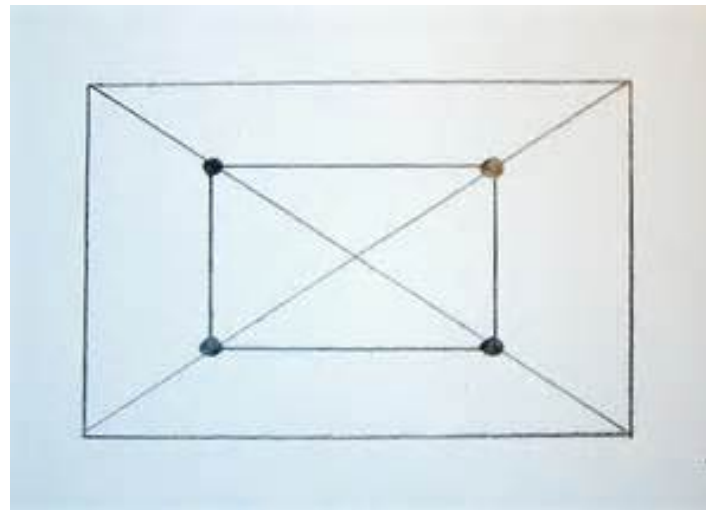
The core idea is to maximize **customer value** while minimizing waste.
Simply, lean means creating more value for customers with fewer resources.

WB 3

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Overview of the Principles

- Two focal points
 - Continuous improvement
 - Respect for people



WB 3

Long Term Philosophy

- Principle 1: Base your management decisions on a long-term philosophy, even at the expense of short-term financial goals.



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The Right Process Will Produce the Right Results

- Principle 2: Create continuous process flow to bring problems to the surface
- Principle 3: Use the "Pull" system to avoid overproduction



The Right Process Will Produce the Right Results

- Principle 4: Level out the workload (Heijunka)
- Principle 5: Build a culture of stopping to fix problems, to get quality right the first time



WB 4

The Right Process Will Produce the Right Results

- Principle 6: Standardized tasks are the foundation for continuous improvement and employee empowerment
- Principle 7: Use visual controls so no problems are hidden



WB 4

The Right Process Will Produce the Right Results

- Principle 8: Use only reliable, thoroughly tested technology that serves your people and processes



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Add Value to the Organization by Developing Your People and Partners

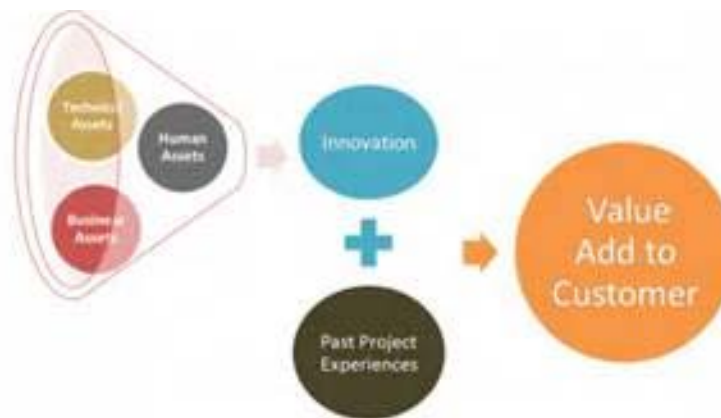
- Principle 9: Grow leaders who thoroughly understand the work, live the philosophy, and teach it to others
- Principle 10: Develop exceptional people and teams who follow your company's philosophy



WB 4

Add Value to the Organization by Developing Your People and Partners

- Principle 11: Respect your extended network of partners and suppliers by challenging them and helping them improve



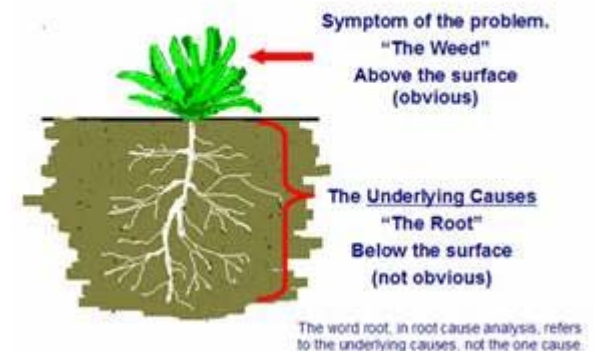
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Continuously Solving Root Problems Drives Organizational Learning

- Principle 12: Go and see for yourself to thoroughly understand the situation (Genchi Genbutsu)
- Principle 13: Make decisions slowly by consensus, thoroughly consider all options; implement decisions rapidly

Root Cause Analysis Basics



Continuously Solving Root Problems Drives Organizational Learning

- Principle 14: Become a learning organization through relentless reflection (Hansei) and continuous improvement (Kaizen)

Problem-Solving Process



1. Define the Root Cause
2. Analyze
3. Identify Possible Solutions
4. Implement Decisions
5. Review Results to ensure Problem is solved

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What We Need You To Do:

- Commitment to LEAN
- Assign key champions, leaders and trainer
- Create and deploy a LEAN-based vision
- The entire organization is engaged
- Periodic review
- Measure and track overall progress

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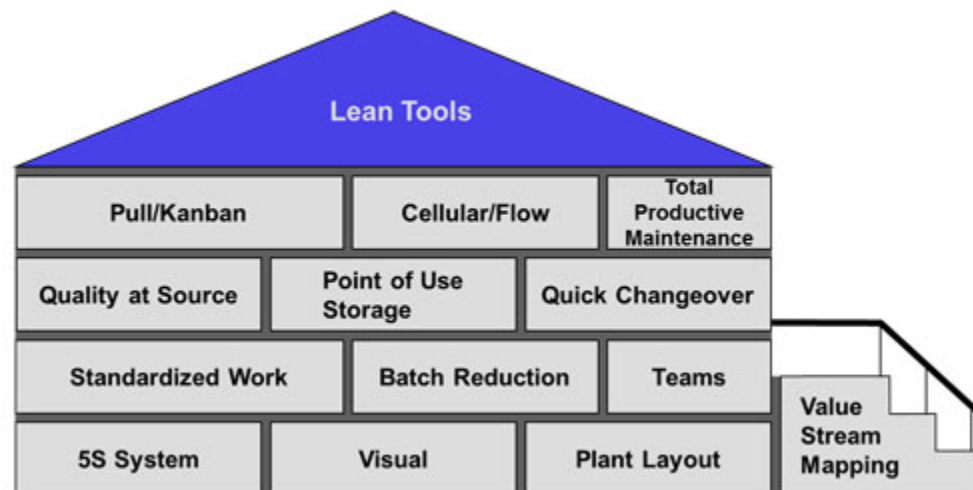
Process Waste



WB 5

Many Lean Tools are Used

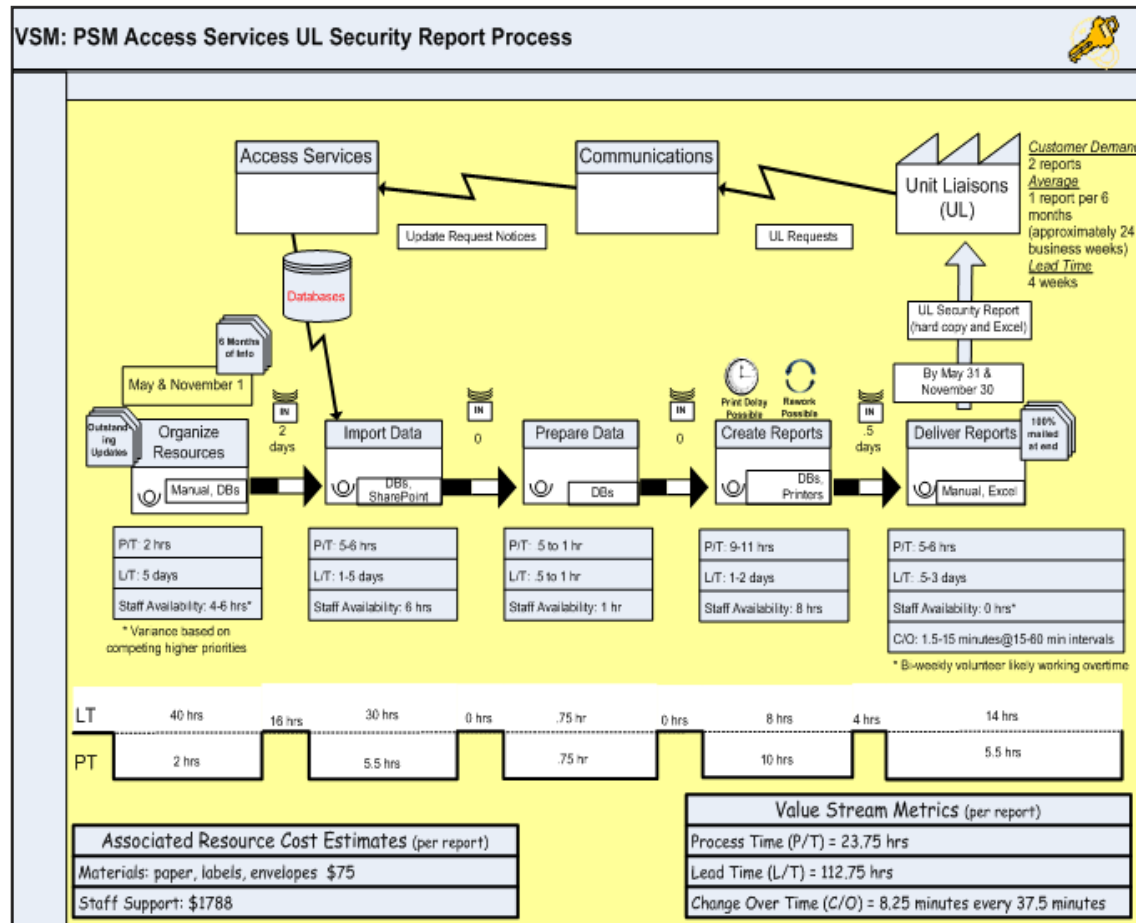
- SIPOC
- Swim lane Process Diagrams
- Value Stream Mapping



WB 8

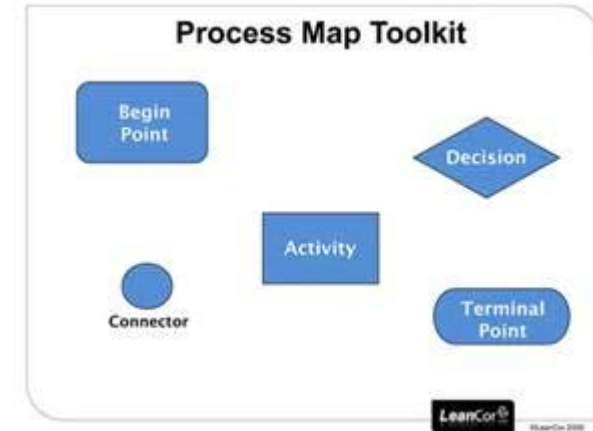
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Value Stream Mapping



Lean Tools

- Process Mapping
- 5S



Lean Tools

- 5 Whys
- Analysis of Variance (ANOVA)

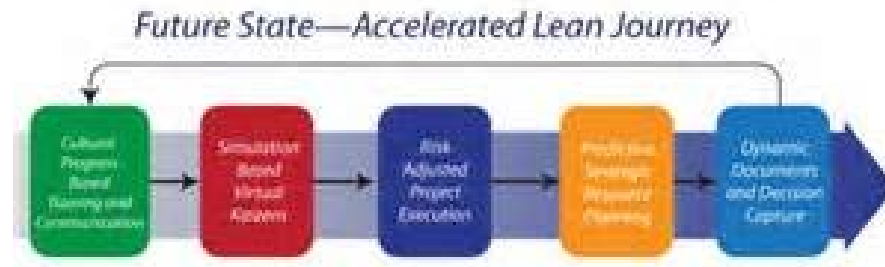
Analysis of variance

Source of variation	SS	df	MS
Regression	$\Sigma(\hat{y}-Y)^2$	p	$\frac{\Sigma(\hat{y}-Y)^2}{p}$
Residual	$\Sigma(y_{\text{obs}}-\hat{y})^2$	n-p-1	$\frac{\Sigma(y_{\text{obs}}-\hat{y})^2}{n-p-1}$
Total	$\Sigma(y_{\text{obs}}-Y)^2$	n-1	



What Does the Future Process Look Like?

Ask the future state questions



Where to start? How do you do it?



Why only 10% of Business Leaders Execute their Initiatives...

- Employees do not understand strategy
- Incentives not linked to strategy
- Work efforts not linked to strategy



Source: The 4 Disciplines of Execution

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Root Causes of Weak Execution

1. Clarity of the objective (communication gap)
2. Lack of Commitment to the Goal (buy-in)
3. Team and Individual Accountability



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Source: The 4 Disciplines of Execution

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Real Enemy #1 of Weak Execution

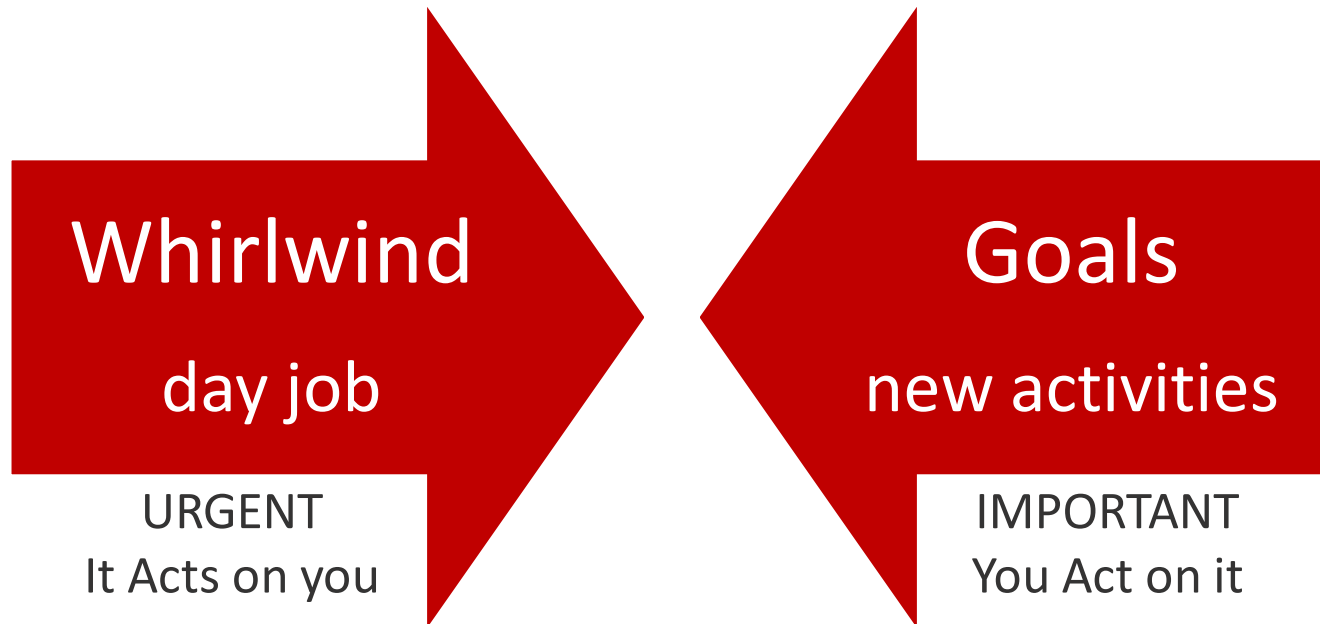
4. The Whirlwind - Your day Job!



WB 19

Source: The 4 Disciplines of Execution #ATD2016

Competing forces



Who Wins this Battle?

Real Enemy #2 of Weak Execution

5. Inertia of – “THE WAY IT HAS ALWAYS BEEN”



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Real Enemy #3 of Weak Execution

6. Resistance to Change

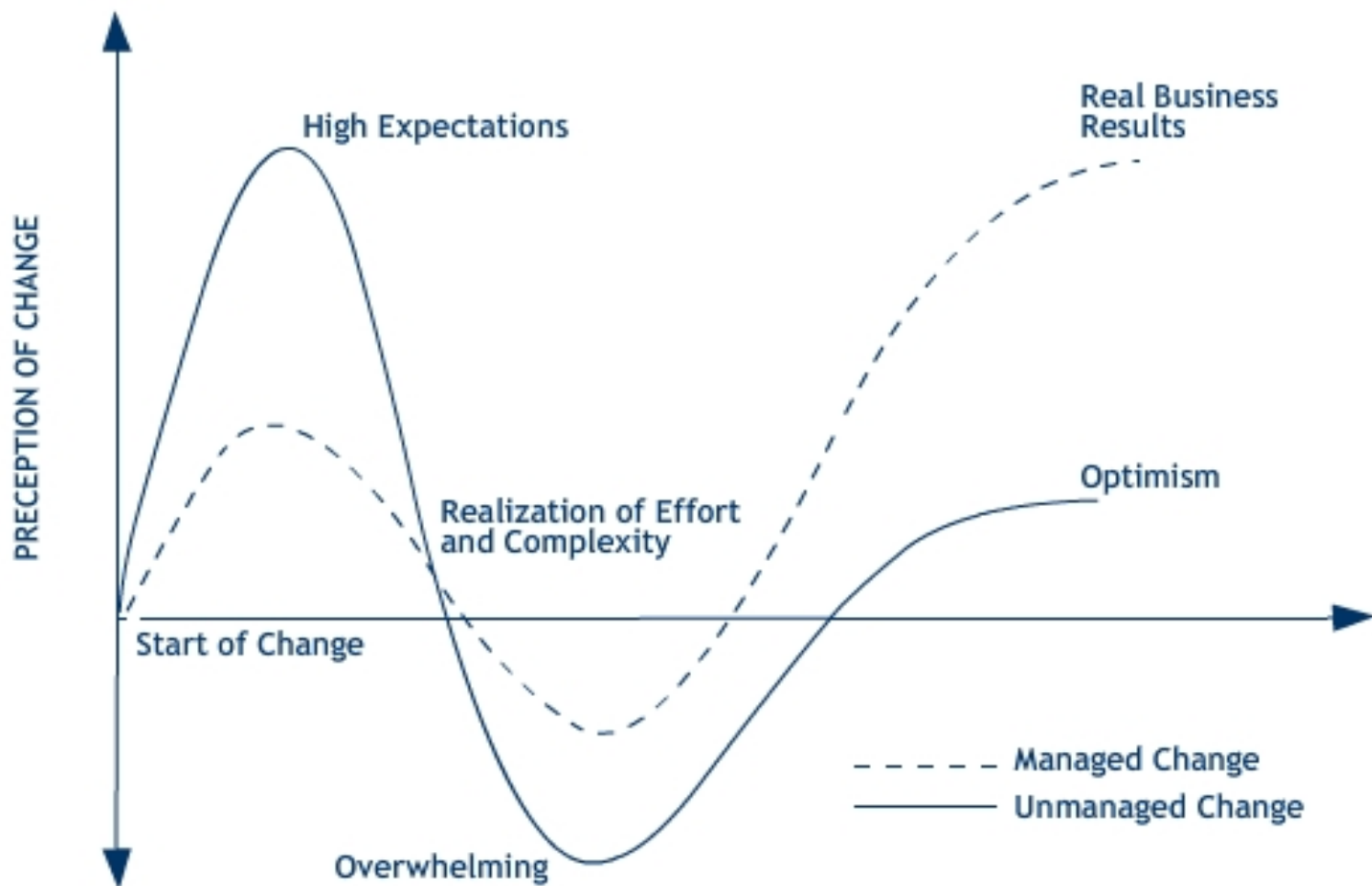
The change Cycle – The five stages



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PROJECT CHANGE CURVE



WB 20

Source: Walter Strayer Co.

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Successful Changes and Transition

- Leadership
- Clear Vision, Plan and Purpose
- Clear Communication
- Purge dissent
- Buy-in
- Commitment
- Patience and persistence

The Challenge is...

**To Implement the Lean Principles in the
Midst of YOUR Whirlwind – YOUR day Job!**

How?

The 4 Principles of Execution

1. Identify the Most Important Priorities – Focus
2. Act on lead measures – Becoming
3. Keep Score – Engagement
4. Tempo of accountability – the money ball

WB 21

Source: The 4 Disciplines of Execution **#ATD2016**

Executing Lean Initiatives – Principle #1

1. Focus on the Most Important Goal – the principle of focus

The more you try to do – the less you accomplish

# of Goals	2-3	4-10	11-20
Goals achieved with Excellence	2-3	1-2	0

WB 21

Source: The 4 Disciplines of Execution

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Executing Lean Initiatives – Principle #2

2. Act on the Lead Measures – the Principle of Doing and becoming



WB 21

Source: The 4 Disciplines of Execution

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Two Kinds of Measurements

Lag Measures

- Target measurements of goals (results)

Lead Measures

- Measures activities you must do to reach the goal



WB 21

Source: The 4 Disciplines of Execution #ATD2016

Dr. Deming –

He told executives that managing a company by looking at financial data (lag measures) “is the equivalent of driving a car by looking in the rearview mirror.”

Executing Lean Initiative – Principle #3

3. Keep Accurate Score – the principle of engagement



WB 22

Source: Iveson (2012)

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Executing Lean Initiatives – Principle #4

4. Create a Consistent Tempo of Accountability – the money ball



WB 22

Source: The 4 Disciplines of Execution #ATD2016

Strategy Execution at the Highest Level

Be aware of:

1. Communication gap
2. Buy-in
3. Accountability gap
4. Whirlwind – your day job
5. Inertia – “this is how we have always done it”

WB 22

Source: The 4 Disciplines of Execution

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Strategy Execution at the Highest Level

The 4 Principles of Execution:

1. Most Important Goals (2) – the principle of focus
2. Act on lead measures- the principle of doing and becoming
3. Keep score – the principle of engagement
4. Create a tempo of accountability – the money ball

WB 22

Source: The 4 Disciplines of Execution

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Insanity: doing the same thing over and over again and expecting different results.

Albert Einstein

WB 22

Source: Brainy Quote

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Questions?

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