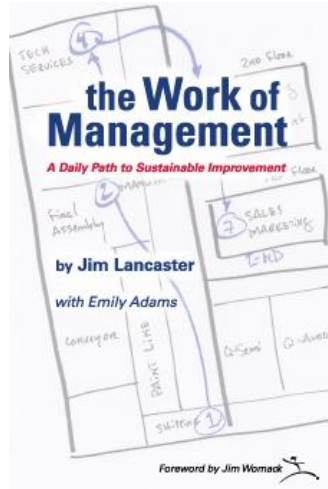


## Interview Questions for Jim Lancaster, author of *The Work of Management*



To solve the mystery of why Lantech, a lean production powerhouse, was struggling with puny profits, CEO Jim Lancaster pulled on his steel-toed boots one morning. Instead of walking into his office, he walked into the manufacturing cells and embarked on a journey to better understand the daily work of frontline operators who made the company's stretch wrapping machines.

After months of observations, experiments, and improvements, he installed a new system of "daily management." The system is based on overlapping daily and weekly cycles of standardized work activities that Lancaster and managers at every level use to resolve frontline operational problems immediately every day.

As a result, improvements that often deteriorated were sustained, money from them hit the bottom line, and Lantech's profitability quadrupled. *The Work of Management*, is the inside story of Lantech's comeback by creating a daily management system that any American company can use to compete more profitably by sustaining a culture of continuous improvement.

**Q: Lantech was an early exemplar of lean production success that was featured in the *Harvard Business Review* and business best-seller *Lean Thinking*, among other publications. But you began struggling with the question: *If we're so good at continuous improvement, why are profits so poor? What was going on?***

**Jim Lancaster:** A critical piece of being a successful company in the long-term is accumulating competitive advantage faster than the other guy. How do we do that? Well, we make improvements. And over time, we maintain the previous improvements that were made.

The problem is that improvements in any process deteriorate over time. Deterioration is a natural phenomenon, like half-life in science. It's not an anomaly. It's inevitable. Any process we put in place anywhere will deteriorate on its own -- any process. And when we looked closely at why processes deteriorated we discovered that something changed – a tool got dull, someone changed a part design, a new operator wasn't trained properly.

If you can't stop the deterioration or slow down the deterioration, you're just pouring water into a bucket with a hole in it. No water – competitive advantage – accumulates to make you more profitable, more competitive. What became clear to me was that our deterioration rate was too close to our improvement rate, not allowing competitive advantage and margin to accumulate.

Another analogy I use is that we were like a four-wheel-drive truck with a big V8. It was in low gear. The accelerator was floored. We were throwing mud like crazy but the truck wasn't moving very fast. We weren't moving fast because there was a big rope we couldn't see underneath the truck, underneath the mud, pulling it backwards. That's deterioration. So, we had to put a management system in place that corrects that condition so previous performance is sustained. That is the magic. That idea sounds so simple, so mundane, but I'm telling you it had a huge impact on our profitability.

**Q: Did you have to change how you led the company under the new system of “daily management”?**

**Jim:** Before daily management, I spent a lot of time leading -- setting direction and then trying to pump everybody up to go in that direction, coming up with some great new plan to grow the business, or to save money, or to enter a new market, or whatever. I spent so much time leading, I wasn't connected to the real issues people were dealing with every day.

I, like most other managers, was distracting people from the regular management of the business, which then caused the deterioration to even go faster. I still need to do leadership. I'm not saying it's not important. It's very important. But I had to learn how to support the work of folks actually adding real value.

Daily management is the standardized work of ensuring you're providing the support so people you're in charge of can be successful today. If they can't be successful today, that's my issue not their issue. It's all about executing my standardized work so my leadership team of managers and team leaders can very effectively see when we're not set up for success so I can help get the things in place so we are set up for success today. After implementing this management process, I stopped chasing my tail firefighting, which is what 90% of managers and leaders spend their time doing.

An additional way I had to change was to spend my management time in standardized chunks. I have very specific cadences that I run on different management loops in the business at specific times. What I'm looking for is that the management system is working.

Early on in the management system implementation, I was actually participating in the management, making decisions, supporting, teaching, helping problem-solve. I still do a little bit of that. Now, I mostly make sure my managers are maintaining the system. They're looking for deterioration in the operator's standardized work. I'm looking for deterioration in management's standardized work.

**Q: How did the new management system perform during the “Great Recession”?**

**Jim:** I've managed this company through big recessions — the one in 2001 and then the one in 2008-9. In 2001 I had a great plan for what to do. I had virtually the same plan in 2008/9.

The difference is when I tried to implement the plan in 2001, I couldn't get anywhere. I was motivating. I was leading. I was talking about where we needed to go, what we needed to do. I got my top managers on board and not a thing moved. My leadership steering wheel was not connected to the tires of the car. I'm steering like crazy, but the car wasn't turning.

In 2008, I turned the steering wheel and literally that same day the car turned because I'm touching the entire management of the company personally every single day. I have a system to touch everybody every day.

When I go to our plant in The Netherlands, I'm in their management system all the way down to the operators. That's how I find out whether the management system is operational. If the individual team leaders' standardized work is falling down that is a CEO-level problem. That underpins the whole value system that we've set up.

**Q: What are the lessons from your experience that other CEOs should learn?**

**Jim:** Management is really a systematic, standardize-able thing. It's very specific. You have to set up visibility into a process, see what's happening, see where problems are, have standard cadence to ensure that all of the success factors are in place. Then continuously improve and problem-solve. Then teach others how to do those things.

**Q: How should a reader use the book?**

**Jim:** What I'm trying to do is motivate people, managers, leaders, CEOs. They have to go to the work daily and really understand it. Until you've done that you can't successfully manage. What you'll be doing is just frustrating frontline people even more.

Most managers think the management system is to help them. It's not. The management system is supposed to help the operator, the sales guy, the order entry clerk, whoever the people who actually generate the revenue and value for the customer.

What I've tried to do in the book is share a story about how running and improving a business really works. I wanted to show that once you have a culture and systems to drive improvement, you need a management system to hold on to it.

And, in order to have a management system that's effective the people participating in the system need to be up close and personal with the work. In my case, I don't know how everything in the whole business works. I don't know everybody's job. But I know enough of them to know how to ask questions in the right respectful way.

**Q: What does the title, *The Work of Management*, mean?**

**Jim:** It means management is a job just like putting a wheel on a car, or just like

wielding a frame, or just like preparing a tax return. Management is a job made up of standardized work steps that need to be done in a certain sequence at a certain time and in a certain amount of time in order to deliver the result of support.

It's just work and really valuable, critical work. Done well, it means that you can actually accumulate strategic advantage by becoming better at management because you've standardized it. By standardizing it, you can improve it and maintain it.

### **Q: Why did you write the book?**

**Jim:** In the book I ask, "If we're so good at continuous improvement, why are profits not dramatically different? I think that question has been an undercurrent in the lean management movement from the very beginning. I wanted to show how Lantech answered the question. That, and Jim Womack [founding CEO of the Lean Enterprise Institute] asked me to share our real experiences.

Read the Foreword and chapter one, "Stumbling," of *The Work of Management* online at <https://www.lean.org/BookStore/ProductDetails.cfm?SelectedProductId=410> link to come). No registration required.

### **About the Author**

Jim Lancaster is CEO and owner of Lantech.com, LLC, one of the earliest companies to implement Toyota's lean management principles, as chronicled in *Lean Thinking*, the *Harvard Business Review*, and other publications.



Before joining Lantech, Jim worked in the financial industry in New York City. In 1990, he joined Lantech as a sales manager in the Custom Machinery Group. After several promotions, he became president and CEO in 1995. Jim also serves as board chairman at Jefferson Community and Technical College to personally support technical and vocational education in Louisville and is involved in other educational efforts.

Lantech is known as the leader in stretch wrap technology and innovation, as well as Case handling equipment. It has sales and manufacturing headquarters in Louisville, KY, sales and manufacturing facilities in The Netherlands, and sales and service operations in Australia and China. Annual gross sales exceed \$130 million. Lantech employs approximately 475 associates.

### **About the Book** (Cover art goes here)

*The Work of Management: A Daily Path to Real Improvement*

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