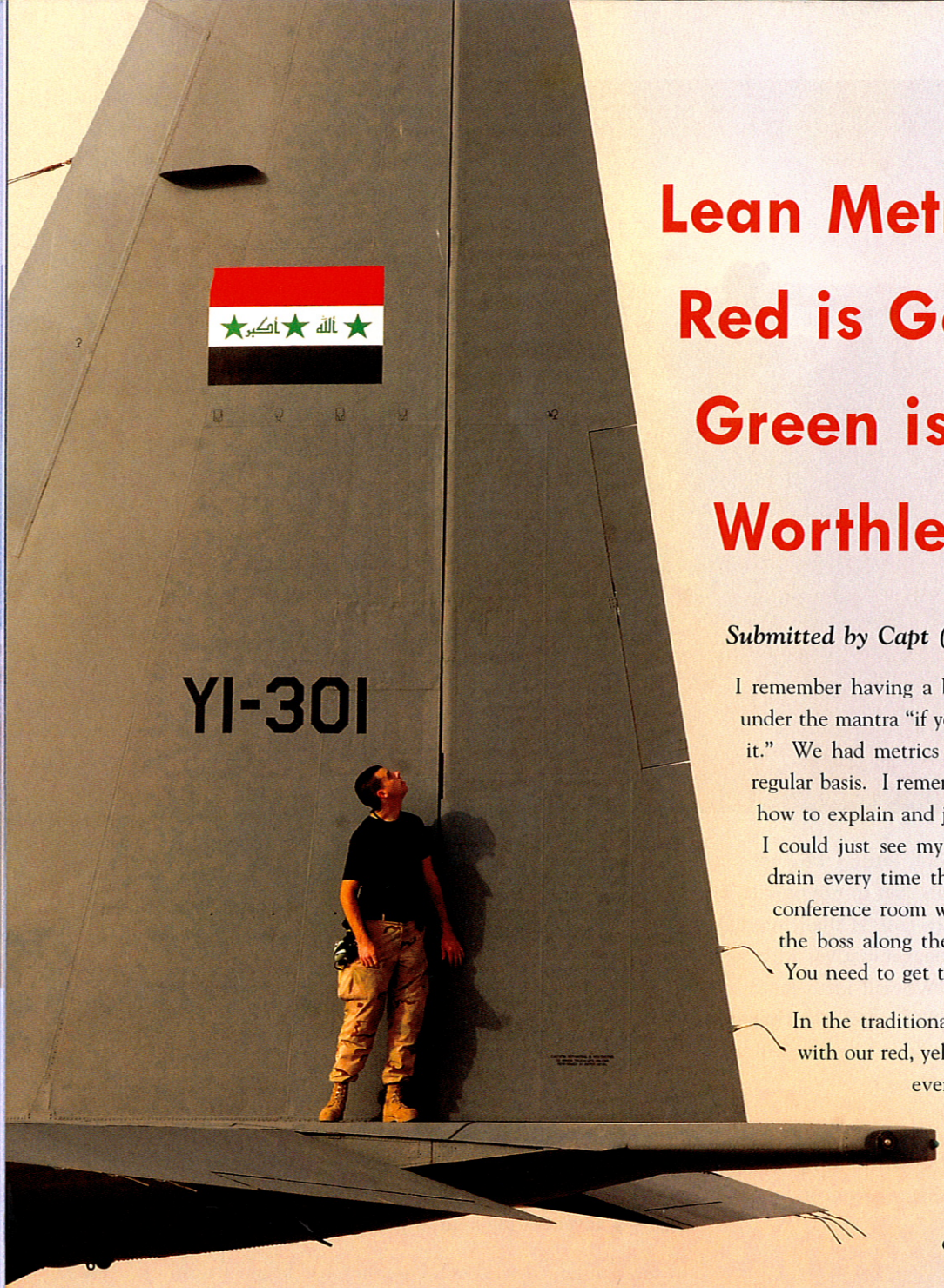

Lean Metrics: Red is Good, Green is Worthless

Submitted by Capt (ret) Russell Rhea, USN

I remember having a boss back in my Navy days who managed under the mantra "if you aren't measuring it, you aren't managing it." We had metrics for everything, and we briefed them on a regular basis. I remember the countless hours spent figuring out how to explain and justify those metrics that were in the "red." I could just see my fitness report and career going down the drain every time the big red meatball was thrown up on the conference room wall – usually followed by a comment from the boss along the lines of "what's the problem Lieutenant? You need to get this problem fixed."

In the traditional world of management we are enamored with our red, yellow and green metric charts, leading to the ever-present "self-preservation" paranoia about going forward to management "red." Red is bad, green is good. Knowing that, managers lobby heavily for easily achievable goals so they don't have to explain why they have "failed."

In the world of Lean management, the mindset is completely reversed. When the big red meatball goes up, the response from the floor is "Great! Thank you for bringing this to our attention. What can we do to fix the problem?" In Lean management, problems are viewed as opportunities – not failures. Lean managers view problems as gold to be mined – and they ruthlessly go after the problem, not the people. They view a "green" board as being worthless – if you are green, where do they focus

their improvement efforts? I once took a course from Pascal Dennis who worked for and with Katsuaki Watanabe (now President of Toyota) and other Lean masters from North America and Japan at Toyota Motor Manufacturing Canada. He recalled a story of Mr. Watanabe walking into a plant for a visit. The local managers were very excited and proud to show him their metrics - as they were all green. They were devastated by his response: "Ah, no problems, must need no managers…." His point obviously being that if they are operating in a comfort zone with metrics that weren't driving them to attack waste, then they weren't doing their jobs. What you really want are employees falling over each other to bring problems to the table.

In a Lean environment all efforts are focused on removing waste from the work environment through continuous process improvement. All Lean metrics and their associated targets should be focused on that waste removal. The waste is the gold. In the Lean world, employees should understand and be able to translate corporate Lean strategic goals in the context of the work they are doing on the floor. They should know that they will be heralded for coming forward with a problem or roadblock that, if removed, will make the organization more efficient. Management must empower them to fix problems where they can, and go to bat for them when it comes to removing obstacles that they can't fix themselves. Many in the traditional world relate this to a "suggestion" program. If it takes a formal program to bring ideas to light, you aren't a Lean organization. Every employee must have the innate desire to attack waste, and a clear path to the person or mechanism that can help them get it done. They must know and accept that tangible and intangible benefits will be returned to the organization – benefits that may or may not directly affect them. I'm not suggesting that employees should not be rewarded for helping to break through a waste barrier. I am arguing that employees should want to do it for the betterment of the organization, because they have the true sense that in the long run they will benefit. They know that their efforts will help ensure the organization's long term viability, thus returning to them the assurance that their jobs are secure well into the future.

So the next time you see a red metric, praise the bearer of this "good" news. Start digging into the problem to find the waste that is holding your organization back. And the next green metric you see….send the presenter back to the drawing board.

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