



BSR Conference 2008 | Sustainability: Leadership Required How to be Lean and Green

Breakout Session Summary

Friday, November 7, 2008 | 10:30 a.m.-noon

Speakers

- **Sheri Phillips**, Associate Partner, IBM
- **Yun Zhou**, Senior Consultant and Trainer, Lean Manufacturing, Global Education Center
- **Wayne Wakeland**, Associate Professor of Systems Science, Portland State University (moderator)

Highlights

- It is critical to take a holistic view and include lean systems throughout the supply chain.
- Lean *is* green if you focus on reducing waste and not on reducing cost.’
- Focusing on cost efficiencies is a good way to gain buy-in throughout the company. However, you must also target waste reduction in order for your lean programs to be sustainable.

Memorable Quotes

- “If lean means making money, green means sustainability.” —Yun Zhou, Global Education Center
- “Any time you put a single lens on then you are going to sub-optimize yourself.” — Sheri Phillips, IBM

Overview

Wakeland began the session by stating that lean and green systems must include the entire supply chain, not just one company. A business that doesn’t consider the entire supply chain could actually drive its suppliers away from lean systems in an effort to meet lean demands. Zhou and Phillips both agreed.

Zhou then explained that the current economic pressures are driving more and more companies towards lean systems. Best practices show that implementation of properly designed lean systems can decrease manufacturing cycle time and inventory levels by 90 percent, decrease defects and the scrap rate by 60 percent, and increase production efficiencies and on-time deliveries by 60 percent. He then defined green as maximizing





Business for Social Responsibility

resources and minimizing pollution. Therefore, lean *is* green, Zhou argued, if it is extended to the entire supply chain.

Phillips added that lean revolves around improving speed and efficiencies. Although cost is generally the driver for lean-systems implementation, it is about much more than cost. Further, lean and green come together when you move beyond a cost-centric approach. A focus on reducing waste, as opposed to cost, leads to a more sustainable system. Therefore, it is important to drive the idea of eliminating waste into company culture.

Responding to Wakeland's question as to when lean is not green, Phillips replied: when it doesn't take a system's view, when it doesn't focus on reducing waste, and when it doesn't incorporate natural resources as waste. The mnemonic device TIMWOOD—transportation, inventory, motion, walking, overproduction, over-processing, and defects—is widely used to describe the targets for reductions in lean systems. She argued that this should include natural resources. She went on to say driving the idea of waste reduction into company culture is not an easy task.

Session attendee Caitlin Morris of Nike, Inc. explained that, in her experience, workers don't often receive the benefits from lean efficiencies and, in some cases, even suffer damages. She mentioned the example of increased stress. Other audience members added the examples of increased attrition rates and increased layoffs. Zhou replied that if you implement the proper system, it will make the worker's job easier, not harder. If management fully understands that going lean is about creating more productive workers and not reducing costs, then they will use the efficiencies created by lean systems in productive ways. He added that benefit-sharing programs are also crucial to successful lean systems.

Phillips added that it is hard to introduce incentive systems until the benefits have been proven within the company and with investors—and this could take several years. She noted that ensuring benefit-sharing within supplier companies is also a challenge, but one way to ensure compliance is to include benefit-sharing obligations in supplier contracts. Educating workers on the purpose of lean-system implementation is also a critical factor. She concluded by saying that implementing lean systems is, in essence, a change-management issue.

* * *

This summary is also available on www.bsr.org/bsrconferences/2008/session-summaries.cfm.

