THE WORD FROM THE TOP

Torbjørn H. Netland, senior researcher at SINTEF, shares his latest paper published in the International Journal of Operations and Production Management. He identifies four possible factory responses when management rolls out a new corporate lean program.

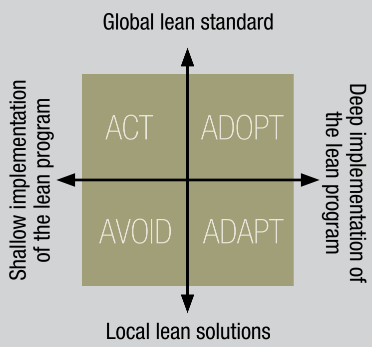
Developed from a review of the literature on managing global improvement programmes, the 4A model explains how subsidiaries can respond to a corporate lean programme.

The model consists of two axis, the vertical axis explains the degree to which the subsidiary factory follows the corporate global standard or alters it into local solutions. The horizontal axis explains the degree to which the subsidiary deeply, or only shallowly, implements the philosophy, principles, and techniques prescribed by the corporate lean program.

The 4A model identifies four generic factory responses to a corporate lean programme. Explanations of each reaction are included below.

ADOPT

The upper right quadrant entitled Adopt, means the subsidiary factory embraces and implements the global lean standards in full. While adoption arguably represents the theoretical ideal for a corporate lean programme, it is not necessarily the right strategy for all subsidiaries. It depends on the degree of fit between the corporate standard and local needs.



The 4A model (Source: Netland, T. H. and A. Aspelund, 2014)

ADAPT

The lower right quadrant, labelled Adapt, means the lean programme, while profoundly implemented—has been adjusted to fit local needs and contingencies. Most of the literature recommends this strategy, but it should be warned that it increases the stickiness of the practices, complicating the transfer of best practices between factories.

AVOID

The lower left quadrant, Avoid, describes how subsidiaries sometimes simply sidestep the corporate lean programme (or sub-practices) altogether. If the subsidiary has not achieved world-class status, this business-as-usual behavior fails to increase competitiveness, and is undesirable from a headquarters' perspective. A good thing is this response is easy to spot and to deal with for headquarter managers.

ACT

The upper left quadrant, Act (as in a spectacle), describes how subsidiaries engage in pretending behavior to comply with institutional pressures to implement the corporate lean programme. For example, factories might put up a few team boards on the shop-floor, do a few 5S projects, and boast about lean implementation in PowerPoint presentations. Such fake adoption is undesirable because it requires investments without bringing about sustained operational improvement.

When firms launch corporate lean programmes they aim for adoption or adaptation in their dispersed factories. Still, many factory workers will never be convinced to start the lean journey at all. In my experience, the factories that choose to avoid the programme are either stuck in a terrible market position where they did not have time or the energy to engage in a serious attempt at lean, or they are at the other end; having delivered strong results over many years, they do not see the need to change.

Much worse than avoidance, is acting. Still, to pretend to adopt lean is an extremely usual response in many factories. Institutional theory explains factories often have good reasons to do so; the headquarters reward the plant that apparently implements its lean programme, and the market believes plants that appear lean deliver superior quality at better prices.

All four factory responses are usual and present multinational companies aiming to implement lean in their dispersed network. By sorting the factories according to the 4A model, we suggest that senior managers can better manage the implementation of corporate lean programmes.