Learning Objectives

At the conclusion of this session, attendees should be able to:

• Understand how Lean relates to Social Responsibility
• Use the Lean philosophy and tools for Social Responsibility initiatives
• Provide examples of how Lean can impact environmental, health, safety, ethical behavior, and supporting local communities
Social Responsibility (SR) and ASQ

• No Boundaries: ASQ Future of Quality Study
  – Globalization
  – Social Responsibility
  – New Dimensions for Quality
  – Aging Population

• Common Ground: Quality and Social Responsibility – ASQ White Paper

• ISO 26000 (to be released in 2010)

• The SRO.org

Scope of Social Responsibility

• Malcolm-Baldrige National Quality Award (MBNQA) Criteria
  – Ethical Behavior
  – Protection of Health, Safety, and the Environment
  – Anticipating Adverse Impacts
  – Practicing Good Citizenship
  – Support of Local Communities

Scope of Social Responsibility

- ISO 26000, Guidance on Social Responsibility
  - **Principles**
    - Accountability
    - Transparency
    - Ethical Behavior
    - Respect for Stakeholder Interests
    - Respect for the Rule of Law
    - Respect for International Norms of Behavior
    - Respect for Human Rights
  - **Core Subjects**
    - Organizational Performance
      - Human Rights
      - Labour Practices
    - The Environment
    - Fair Operating Practices
    - Consumer Issues
    - Community Involvement and Development


Evolution of Lean

- Lean Production to Lean Enterprise
- 8 Wastes
  - Overproduction
  - Motion
  - Inventory
  - Transportation
  - Waiting
  - Under Utilized People
  - Defects
  - Over-Processing

Lean to Green

• Also known as:
  – Green Manufacturing
  – Lean Sustainability
  – Green Sustainability
  – Environmental Lean
  – …and many more.
WE REPLACED OUR STYROFOAM CUPS WITH PAPER CUPS, BUT IT'S NOT SO CLEAR THAT IT HELPS THE PLANET.

WE DIDN'T DO IT TO HELP THE PLANET, WE DID IT TO LOOK LIKE THE SORT OF COMPANY THAT CARES ABOUT THAT SORT OF THING.

OH, IN THAT CASE IT'S WORKING GREAT. AS SOON AS YOU STOP LOOKING.

ANDY HAS BEEN APPOINTED OUR DIRECTOR OF GREEN.

DIRECTOR OF GREEN: HOW DO YOU GET A JOB LIKE THAT?

YOU START BY BEING THE DIRECTOR OF SOMETHING ELSE AND SCREWING IT UP.
I am not...

- Hugging a tree
- Saving whales

- Money

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2010 ASQ Lean and Six Sigma Conference
A Little History

• Reviving itself from the ashes of World War II, Toyota had to maximize the use of natural resources that were not readily available in Japan. A culture of waste reduction was created as a foundation for Toyota to reduce the impact of material shortages and keep industrial Japan alive during the rebuilding period of the late 1940s and early 1950s.

• Toyota had no obligation to preserve Japan’s resources while building automobiles. But, by limiting the company’s impact on Japan’s resources, it maximized the use of organizational resources to sustain the organization in the long term. By doing so, Toyota became a leader in corporate citizenship by providing jobs and supporting the local community.


A Little History – Henry Ford

• “...we will not so lightly waste material simply because we can reclaim it – for salvage involves labour. The ideal is to have nothing to salvage.”

• “...In the modern use of coal, gas is produced, and gas is a public utility...The fertilizing elements extracted from coal can be utilized on the farms.”

Lean to Green

• Extension of Lean Enterprise by considering the Environment

• Green Manufacturing creates a focus on the preservation of life sustaining resources (soil, air, and water) and the reduction of toxic material release into the environment that can harm the earth’s ability to support life.


8 Green Wastes

• Water
• Electricity
• Gas
• Earth Material
• Emissions
• Product Use
• Raw Material
• Byproducts
Goals of Green

- The ideal state of Green Manufacturing is to use 100% renewable resources with complete usage of materials and no byproducts, or zero waste.

Goals of Green

1. Minimize the use of nonrenewable resources
2. Maximize the value usage of nonrenewable resources
3. Maximize the value usage of renewable resources
4. Maximize the value use of materials
5. Maximize the reuse of scrap raw materials
Goals of Green

6. Minimize total byproducts
7. Maximize byproducts that can be used
8. Minimize non-usable byproducts
9. Minimize product materials and packaging
10. Maximize reuse of product materials and packaging after use

Scope of Social Responsibility

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Case Study – Electricity / Gas


Lean’s Connection to SR

- Principle #1 (Toyota’s 14 Management Principles):
  Base your management decisions on a long-term philosophy, even at the expense of short-term financial goals.

  *The stock market as such has nothing to do with business. It has nothing to do with the quality of the article which is manufactured, nothing to do with the output, nothing to do with the marketing, it does not even increase or decrease the amount of capital used in business. It is just a little show on the side.*

  -Henry Ford

Next Evolution of Lean - SR

• Re-define the ‘customer’ to include society, local communities, and employees’ quality of life of outside the organization

• This can be achieved both internal and external means

• Strive to be self-sustaining without impact to society and provide for society

Ethical Behavior

• Processes
  – Surrounding ethical infractions
    • Reporting infractions
    • Root Cause Analysis of infractions
    • Communicating resolution
    • Implementing corrective action
  – Transparency of operations

• Tools
  – Value Stream Mapping
  – Visual Management / Visual Controls
Health, Safety, and Environment

- Processes
  - Safe workplace
  - Emergency Response
  - Environmental Waste (Paper reduction)
- Tools
  - 5S (6S by some organizations)
  - Value Stream Mapping
  - 5 Why’s
  - Mistake Proofing
  - Visual Management / Visual Controls
  - Standard Work

Anticipating Adverse Impacts

- Processes
  - Product design
  - Reporting and responding to complaints
  - Correction of societal issues (recall)
- Tools
  - Mistake Proofing
  - One Piece Flow
  - Swim Lane Flow Charts
  - Standard Work
  - Value Stream Mapping
Practicing Good Citizenship

• Charity vs. Providing

I have no patience with professional charity or with any sort of commercialized humanitarianism. The moment human helpfulness is systematized, organized, commercialized, and professionalized, the heart of it is extinguished, and it becomes a cold and clammy thing...A philanthropy that spends its time and money in helping the world do more for itself is far better than the sort which merely gives and thus encourages idleness.

-Henry Ford


Practicing Good Citizenship

• While charity is a factor in SR, is it the least waste way to utilize all resources to achieve philanthropy?
• Two choices: Money or Resource Knowledge

We can do one of two things: we can either give a little and forget about it, or we can give a lot, get right into the management, and see to it that the place is self-supporting.

-Henry Ford

Support of Local Communities

- First Step: Adopt Lean to free up your resources
- Second Step: Choose how to use those resources (SR Thinking)
  - Become Lean teachers within the local community
  - Partner with other organizations important to the local community to help them improve
  - Work towards improvement of the community to increase the quality of life of the employees

Healthcare – The Ford Hospital

- Like the Model-T, for society to provide Healthcare the business model so that the best possible Healthcare could be afforded by everyone.
Healthcare

• Partnerships with local Healthcare providers
• Help them implement Lean within their operations
• Work with them on Lean Events in the Healthcare organization
• Invite them to participate in Lean Events at your organization

Education – The Ford Trade School

• A school based on three rules:

1. *That the boy was to be kept a boy and not changed into a premature working man.*
2. *That the academic training was to go hand in hand with industrial instruction.*
3. *That the boy was to be given a sense of pride and responsibility in his work by being trained on articles which were not used.*

Education – The Ford Service School

• A school based on the following:

...the purpose of which is partly to prepare foreign-born students for work in our branches abroad, but more largely to spread the idea of our methods of production. For we have no trade secrets. If we are doing anything which another manufacturer may find use for, then we want that manufacturer to have the benefit of what knowledge we possess.


Education – The EAST Initiative

• Arkansas program (www.eastinitiative.org)
• Provides students with the tools and training to solve real problems within their local communities
Education

- Partnerships with local Education institutions
- Help them implement Lean within their operations
- Provide students opportunities and tangible projects for them to tackle
- Improves education of the local workforce pool

Non-Profit Organizations

- Government ‘bailouts’
- The Benefit Loop:
  - Improving local services and civic organizations, reduce government burdened resources, thereby reducing ‘taxes’ and other resources required by the organization while improving the local community and helping it grow.
- Use Lean with internal processes related to identifying needs in the community, process for acceptance and distribution of funds, foundation operations, etc.
Conclusion

- SR, like Lean, is a choice.
- Organizations must deal with the SR factor in all its operations, processes, and partnerships.
- When Lean exposes additional capacity within an organization, explore SR possibilities with those resources.

Conclusion

True Meaning of Lean?

All stakeholders working together to continuously improve the world and make it a better place.

If Toyota, one company, can change a nation, can we collectively change the world?
Resources

**Green Healthcare**
Practice Greenhealth
www.practicegreenhealth.org
Healthcare without Harm
www.noharm.org
Green Guide for Healthcare
www.gghc.org

**Green Building**
Energy STAR
www.energystar.gov
U.S. Green Building Council
Leadership in Energy and Environmental Design (LEED)
www.usgbc.org

**Green Networking**
GreenBiz
www.greenbiz.com

**Lean to Green**
SME Lean to Green Technical Group
www.sme.org/leantogreen
EPA Lean Manufacturing and the Environment
www.epa.gov/lean

**Lean Enterprise**
ASQ Lean Enterprise Division
www.asq.org/le

**Social Responsibility**
The Socially Responsible Organization
thesro.org
ISO 26000
www.iso.org/sr

**Books**
Henry Ford's Lean Vision, Levinson, Productivity
Today and Tomorrow, Ford, Doubleday, 1926.

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Thank You

Comments and Questions?

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