



The LEI senior executive series on ...

Lean Leadership

As part of a continuing series on leading lean transformations, the Lean Enterprise Institute (LEI) will interview executives from a variety of companies to explore the challenges that lean transformations present to senior managers.

What follows are perspectives from Robert Chapman, chairman and CEO of Barry-Wehmiller Companies, Inc., where the compelling “Guiding Principles of Leadership” converge with lean thinking. The result is an environment that brings out the best in people and a business that sustains significant long-term growth. The purpose of this merger of lean thinking and leadership is more than creating a nice place to work. Barry-Wehmiller wants to create a growing and sustainable business because it will secure the future for associates, their families, customers, vendors and all stakeholders in the business. Lean principles provide a practical way for it to live the Guiding Principles by continually strengthening the company by inspiring team members throughout the organization to improve themselves as well as the quality of products and services for customers.

LEI: *Why did Barry-Wehmiller launch a lean transformation? What were the business reasons?*

Chapman: The business reasons were consistent with our vision of bringing fulfillment to all our team members. We realized that the tools of lean—if applied in our cultural vision of inspirational leadership—would unlock the potential of people and allow people to use their heads and their hearts and bring them into the job as individuals and as teams to create a better business.

So it was clear to us that we had this aspiration for leadership principles, but we didn’t quite know how to bring it to everybody in the organization. We were having a meeting one day and realized we’re trying to live these principles of leadership, where we measure success by the way we touch the lives of people, but we don’t know how to take them to every corner of the organization—to bring them to every individual regardless of his role, position, title, or status. Lean concepts applied across the organization gave us the tools to realize our leadership principles. So the business purpose was to achieve our main goal of creating a fulfilling experience for everybody.

LEI: *Waste elimination and inventory reduction are often watchwords of lean transformations, but you put the primary emphasis elsewhere. In fact, you say the focus on lean tools actually can be counterproductive.*

Chapman: Right, because they’re not inspirational. That’s why I gave you the example of the safety covenant. When our workmen’s compensation costs went up dramatically, the traditional

approach was to go to our human resources team and start doing some safety programs to try to get our costs down. Maybe this would reduce the compensation costs a little bit, and then we'd fall back to our old ways. What we really wanted to do was create an environment where people could return home safely. We embraced that inspiring goal because everybody could relate to wanting their friends to go home safely. We got a tremendous response from people wanting to be involved with the safety covenant committee, and the results were a dramatic increase in safety initiatives that were sustainable and replicable. As a byproduct, our workmen's compensation costs—the business issue—dropped dramatically. We're now half the industry average.

That encouraged us to focus on creating a sense of fulfillment in our approach to lean. To me, lean fails when we start by walking up to you and saying, "We're going to embrace the concepts of lean because we've read a lot about it, our competitors are doing it, and we want to create a competitive business model. But, you know, 70 percent of what you do is wasted time." You, being a very confident, intelligent individual say, "Do you know what I do? I do what you've been telling me to do for the last 20 years. So you've been telling me to waste my time for 20 years?"

We believe that when you start with the wrong reason, you get the wrong result. But if you start with the concept that we want people to have a fulfilling experience, we want them to use their gifts, we want to engage their heads and their hearts, then the byproduct of that is going to be inventory turns improvement, just like workmen's compensation costs going down by half was a byproduct.

Does anybody feel good that our workmen's compensation costs went down? No. They feel good that their friends are not being hurt. People don't care about eliminating waste. When you say, we're going to eliminate waste, or build a better quality product, or increase profitability, or reinvest in the business, people think you're just trying to get the share price up so you can do better personally. Suppose I said to you as my boss, my supervisor, my manager, "Seventy percent of what you do is wasted time." You'd say, "Don't tell me that. I'm the boss." We love to look at the other person and say that they are wasting their time. The reality is we're not creating an environment where people can be all they're meant to be.

LEI: *Very few companies have successfully implemented and sustained lean transformations.*

Chapman: Less than three out of 100.

LEI: *Is the reason why in that message?*

Chapman: Yes, they lack a sustaining, inspirational reason to do it. Would you be inspired by waste elimination? But that's the term that is used all the time. People say we need to get more out of our team members. What are we going to give them in return? Let them keep their jobs? That's not inspiring. If you start with the wrong reasons—waste elimination, profit improvement, flow improvement—do you think people who work in our companies really relate? Those reasons are for a senior executive, and the only reason he wants to do it is to improve his personal net worth and job security. We don't think about it from the standpoint of the person who actually is going to do the work. What we want to create for every person in Barry-Wehmiller is a fulfilling, challenging environment where they are allowed to find, use and

develop their gifts as individuals and as teams to create something of value that gives their life a purpose and that gives them the security everyone would like to have in their life.

LEI: *What are some of the ways you inspire people?*

Chapman: First of all, you have to say what you believe in. So we created the Guiding Principles of Leadership, and we share those principles, and we talk about those principles. And then we recognize through awards those people who live the principles. We're constantly talking about our principles, saying they're important to us, and trying to create that environment of fulfillment.

LEI: *Tell us how some of the recognition programs works.*

Chapman: The idea developed probably four years ago when we were having a dinner in northern Wisconsin with some of our Guiding Principles of Leadership team leaders, people who are charged with making sure we live the principles. They said, "Bob, you come up to Phillips, you give a speech, everybody feels good, and then they walk back to what they were doing, and it still seems like the old culture. How do we sustain this new culture beyond just your ability to inspire through speeches?"

I had just bought an unusual car, a yellow Chevy SSR two-seated, retro coupe. I said I'll ship it up to northern Wisconsin. Have everybody in the plant nominate people who most embody the Guiding Principles of Leadership. On a Friday at lunch, the person who wins will get the car for a week.

Over the years, probably 150 people have won, and they've had various cars to drive, such as the SSR, a Hummer, or a Jaguar. I just thought I was giving someone a car for a week. But as I sat down with people who won, they told me, "In my life, I've never received a more meaningful award. Do you know what it's like when your peers select you as a leader? It's an unbelievable experience."

I asked them what they did when they won. Virtually everybody called their spouse to say that they had won. But what they're really saying is, "You're lucky to be married to me because I just got selected as a leader." That's what they're telling their spouse, not that they won a car. The second thing they did, and it is universally true, is they talked to their mothers. And if their mothers were anywhere within a five-hour drive, they took the car over. When I asked, "Why didn't you just send a picture," the answer is they wanted to show that they turned out okay. "You did a good job on me, Mom."

After I gave the award at our Baltimore operation to a gentleman for his lean leadership, a lady came up to me from our IT department who had won a couple of weeks earlier. She said her mother had died a couple of years ago, but the award meant so much she drove the car to the cemetery "to show my mom."

I talked to a gentleman in South Carolina where we have another operation. He's a tall, lanky ponytailed machinist who had won the previous year. I asked him what it felt like a year after winning the award. He said he was overwhelmed when he was nominated because he didn't think he was good enough to be nominated. When he won the award, he was amazed that people thought that much of him. He said, "Bob, every day when I come in to work now, I realize I've

got to be the person they think I am. I've got to be good because they think I'm good so it causes me to be a better person every day." We never understood what a profound impact this car award would have on people. And it's not the car. It's the combination of a really noticeable car like a Jaguar and your peers selecting you as a natural leader.

LEI: *The underlying principle here that other CEO and C-level executives can take away is that they should be building people in their organizations?*

Chapman: The purpose for which we come together is to build people. Products are a byproduct of us coming together to do good things. People crave a sense of encouragement—recognition that their lives matter. They are all precious children of somebody. All of us want our children to have a meaningful life that allows them to use the gifts we, hopefully, developed in them and to develop those gifts in common with others to create something good.

My mentor was the rector of our church years ago, when I was raising six kids and trying to take a business through various challenges. I used to sit in church listening to this phenomenal rector, who was very inspiring. I thought what a wonderful position to be in: to have 500 people in church so touched by his leadership. I realized that I had a much bigger church than he had. I had 5,000 members. And they didn't come for an hour a week. They came for eight hours a day. We could send them home fulfilled, not once a week, but every day. That could make them better fathers, better husbands, better wives, better parents, better community members. I believe that within business, we can change the world if we simply understood why we're here.

LEI: *Does a lean transformation dovetail with the concept of creating a principled, fulfilling environment?*

Chapman: Lean is all about people. The tools of lean combined with principled leadership allow you to create within people and companies an environment where people can use and develop their gifts in harmony with other people and create value which gives them a sustained future. So lean was incredibly important to us and is incredibly important to us in terms of the tools that our leadership model needs to reach everybody. It opens people heads and hearts.

LEI: *Did you or your managers have to change any behaviors when you started on this journey three years ago?*

Chapman: I would say to you that we don't have any managers. We only have leaders. We don't have supervisors, or bosses, or managers. We only have leaders. It's an umbrella concept right now. I'd say we haven't taught the tools to our frontline leadership yet. We've begun Barry-Wehmiller University where we are going to teach these inspirational leadership concepts because our leaders have been taught to be supervisors, managers and bosses; they've never been taught to be leaders. But we're working on it.

LEI: *You just gave a keynote address at the Lean Enterprise Institute's Second Annual Lean Transformation Summit conference. An incident happened right after your presentation that told you it was successful. What happened?*

Chapman: I thought about what words I could choose to get my message into people's heads and hearts. After I completed my presentation, a gentleman from the audience came up to me and said he had a daughter who was an engineer, and he'd love to see her work for a company like ours. Now that is the greatest compliment I think I could ever have. That is what we aspire to.

Robert Chapman

Robert Chapman is chairman and CEO of Barry-Wehmiller Companies, Inc., a \$1 billion global manufacturer of capital equipment and provider of engineering consulting.

Under Chapman's leadership, Barry-Wehmiller has used strategic acquisitions and organic growth to achieve a 20% compound growth rate during the past 20 years. Last year (2007), the 122-year-old company was named one of the Best Places to Work in St. Louis by the *St. Louis Business Journal* in recognition of its unique programs in leadership and motivation.

Chapman has a B.S. in Accounting from Indiana University and an MBA from the University of Michigan. From 1968 to 1969, Chapman worked for Price-Waterhouse, joining Barry-Wehmiller in 1970 in a leadership development program that gave him hands-on experience in a variety of areas. He became chairman and CEO in 1975 upon his father's death.