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Development and Learning in Organizations: An International Journal

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Inclusive versus exclusive learning: the secret ingredient to creating a truly "lean" and "learning" culture

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Since the term was coined two decades ago, "lean" has become a mainstream management concept, widely used in all industries, from goods manufacturing to Internet start-ups, or from fast-moving consumer goods to healthcare. Yet, those of us who have been involved in studying Toyota's unique management method (the roots of lean), in experimenting with CEOs to create lean cultures and in adopting lean within our own companies, feel there is little *lean* about what many people now call "lean".

The term "lean" was chosen by a group of researchers (one of the authors of this article, Dan Jones, among them) to describe a distinctive, new and high-performance way of working they observed at Toyota Motor Company in the course of a large industry-wide study (Womack *et al.*, 1990). Toyota visibly outperformed every one of its competitors, and has since become the largest automaker in the world. Toyota didn't beat its competitors by either low-cost advantage or simply working harder – it had a completely different management outlook based on just-in-time processes on the one hand and a commitment to "respect for people" on the other (Sugimori *et al.*, 1977).

Twenty-five years down the line, most large companies now run "lean" programs and a few CEOs have adopted "lean" as their main strategy. Although they might overlap to some extent, these are two very different interpretations of lean:

- *Operational lean* programs are based on the intent to *use lean tools to optimize processes in order to reduce costs*. As such, they differ little from other Taylorist approaches where teams of staff specialists focus on individual processes and "fix" them to improve local performance and more or less regardless of what the people who work these processes have to say.

- *Lean thinking* as a strategy is about *reaching one's business objectives by developing every employee through small-step continuous improvement, using the lean tools to develop a kaizen mindset* (in lean terms "kaizen" means "change for the better"). In this approach, the CEO gets personally involved in structuring the workplace so that problems become visible, so that larger challenges can be linked to small daily work obstacles and to encourage people's local initiatives and teamwork.

Based on our firsthand observations of visiting countless companies pursuing either of these approaches, our experience is that "lean as a strategy" systematically delivers superior business results while growing social capital. Operational lean programs rarely succeed beyond a few easy short-term wins and then stall when they need to prove global bottom-line results, sometimes increasing labor conflict and distrust in the process. Nevertheless, surprising as it is, we find that executives are far more likely to pursue the operational route than they are of challenging their own way of running their companies and embark on a true lean learning journey – no matter how high the financial stakes.

Learning has been at the center of lean from the very start. Dan Jones and his co-author James Womack titled their seminal book about lean "*Lean Thinking*" (Womack and Jones, 1996) and not "Lean Manufacturing" because they saw right away that the key to lean was learning to adopt a new way of thinking about work issues. Lean thinking is about learning simply because the aim of continuous improvement is [. . .] continuous improvement. Indeed, lean can be seen as a technique to support learning – Toyota's lean advantage is that the company has learned to learn (Shook, 2008).

Therefore, our first hypothesis to explain the gulf separating the widely differing takes on lean was that some executives were committed to learning, leading them to adopt "real" lean, while others were looking for ready-made solutions. Yet, as we visited companies and discussed with their senior management, we had to accept that in both cases, leaders emphasized learning. Operational lean programs were about learning to adopt the best practices of the industry to improve performance, whereas lean as a strategy was more about learning to understand how the lean principles and tools interacted in specific situations. But in both cases, learning was the declared intent. The difference, of course, was starkly visible at operator level. In the case of lean programs, operators were told to apply "lean" techniques, whereas in the lean strategy transformations, operators and frontline managers themselves carried off the changes to a very large degree.

One of the authors experienced both approaches in his own firm. As the CEO of a company owned by a large industrial group, he was once tasked by corporate to join the group lean program. Personally very involved with the learning organization movement (indeed, he founded the French chapter of the Society for Organizational Learning), he looked forward to experiencing lean but ended up disappointed and discouraged. The central corporate team supported with a premium consultancy trained a team of "lean coaches" in his company and taught them to conduct 16-week productivity projects. Productivity results were indeed achieved but within a few months, the lean team found itself isolated. Operators rejected the off-the-shelf solutions, and exhausted frontline managers were trying to run "improved" processes with all their preexisting operational problems unresolved (Ballé *et al.*, 2010). As CEO, the author chose not to give up but sought to discover what lean really was. He found a lean expert ("sensei" in the lean jargon) who taught him the real problem was [. . .] himself. Rather than use a rigid program, the sensei taught the executive group to work with shop floor employees to visualize problems and learn to solve them together one by one, patiently and rigorously. The number of improvement events increased dramatically, led by the managers themselves with point support from the lean team (now reduced by half), and results became visible: cash conversion ratio raised from 60 per cent to 140 per cent of EBIT, customer service rate went up 10 points, inventories were reduced threefold, etc.

It's a rare opportunity to study both forms of lean in the same context, and we came to the conclusion that, indeed, executives genuinely believe they are pursuing learning, but that we're looking at two very different form of learning intent: exclusive learning versus inclusive learning:

■ *Exclusive learning* is personal both in the learning experience and in the learning goals. In exclusive learning, a person is supposed to learn something from an experience, independently of others, and to use this learning to their benefit. Typically, an improvement project leader or consultant will organize a project team's work around lean techniques to obtain a specific "savings" benefit, which they will then present to upper management and which will be inscribed in the program's objectives.

■ *Inclusive learning* remains individual but its experience and aims are collaborative. With inclusive learning, both the executive and the employee are expected to learn,

and the benefit should be clear for both. For instance, when the CEO is at the coal face learning about the kaizen initiative of one of their employees or a team, they draw conclusions on their own policies as well as encourage the team's personal development. Team results contribute to the business as a whole and each team member gets recognized by the executive.

Exclusive versus inclusive learning are attitudinal: they correspond to deep choices from the executive. With exclusive learning, the executive "does" something *to* the organization and learns to do "the right thing". In inclusive learning, the executive learns *with* the organization and creates the conditions so that every one learns and benefits (Ballé and Ballé, 2014) (Table I).

Products and services are, in final analysis, the result of a complex chain of decisions in delivery, construction and engineering design process that form a linked chain of probabilities of failure if the buffers are removed. No expert-designed solution will dare to integrate all these steps for fear that the whole process will grind to a halt – but inclusive learning builds in the capabilities to make failures visible as they happen so the team can use their deep knowledge to respond quickly and address repeated root causes. In other words, only inclusive learning builds the capabilities to run these complex processes as well as respond to rapidly changing customer demands. Over time, these two paths diverge and inclusive learning beats the competition.

Furthermore, whereas exclusive learning requires costly change management to get others to accept arbitrary solutions "Not Invented Here", inclusive learning poses few implementation problems other than having the discipline to stick with open-ended problems until they get resolved. Whereas the exceptional costs generated by side effects

Table I Two approaches to learning that lead to widely divergent managerial actions

Exclusive	Inclusive
Template learning: Exclusive learning leads executives to devise a common template which they then set out to apply to everybody, irrespective of personality, experience or circumstances. Standard analyses and roadmaps are key elements to roll-out tested solutions, and what is primarily asked of people is compliance	*Individual learning curves*: Inclusive learning focuses on the coach–coachee relationships and thus the coachee's individual learning curve. Overall, there might be a preferred path and steps to learning, but each curve will be individual and the result of the coach – coachee interaction. A hard lesson of coaching is that progress is the coaches, and motivation of the coachee is as important as instruction
Roll-out: In exclusive learning, effectiveness is perceived to be an outcome of a successful roll-out of compulsory adoption, where global results are expected to be the sum of local results. "Savings" from each project should accrue somehow into structural bottom-line improvement, to accrue the merit of the leader championing the program	*Spill-over*: Inclusive learning is more focused on the quality of the learning relationship (and limited by it). Enrolment is voluntary, through clear lineages, whether at individual level of the mentor – learner relationship, or organizationally with the mother–daughter Toyota plant structure. Scalability comes from spillover, not roll-out which means slower but more solid adoption of new ideas and practices
Cost-obsession: The underlying assumption of operational lean is that the company is where it wants to be in terms of strategy, structure and systems, but that profitability is weighed down by inefficient processes. Cost reduction projects are predictable and controllable, and programs' credibility relies on "savings". As a result, this approach feeds a cost-obsession in the company as a whole – sometimes to its detriment	*Value-driven*: As defined by Dan Jones and James Womack in Lean Thinking, the primary concern of lean thinking is value. Value is what customers get out of the product/service against what they pay for it, and is always moving. Inclusive learning is a partnership between the strategic and operational levels to explore how value evolves according to market changes, process excellence, technical possibilities and so on

of exclusive learning affect the bottom-line – thus explaining why taunted "savings" rarely materialized in the accounts – inclusive learning allows transformational change at a steady, less wasteful pace by focusing on customer value, spreading through spillover and strengthening individual learning curves. As local teams solve their own problems and develop their autonomy, executives learn about the real impact of policies, deepen their understanding of the business and come across new opportunities. The trick to inclusive learning is that as they learn, you learn.

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