



***LEANing-in During the COVID-19 Crisis  
or.....SURVIVAL IS THE STRETCH GOAL!***

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Zero defects. Eliminate waste. Continue improving. The objectives from our Lean Six Sigma programs that seem like unattainable aspirations in today's crisis-mode reality. Unfortunately, for many companies today, survival is the "stretch goal."

The National Center for The Middle Market<sup>1</sup> recently surveyed 260 middle market executives and found that: 78% predict a 12-month decline, 64% will shrink the workforce, 70% will pull back on growth, and 66% will delay capital spending. We here at Phoenix think these figures are optimistic.

But can Lean Six Sigma concepts tell us anything about responding and improving during COVID-19?

Very few businesses are operating with the same process and procedures that worked 8-weeks ago. At least, they shouldn't be. For those essential businesses, it is almost certain they have had to change their systems, process, and procedures – on a grand scale. How do we do this effectively?

With certain clarity, we know the absolute, number one priority is the health and safety of the workforce. This is always the case; however, during a pandemic, it's preeminent. The risks to our workforce and customers are truly unprecedented, elevated to a place we've never seen in our lifetimes. Mistakes here could literally have life or death consequences.

Aside from the human factor, we need to keep a keen eye on how our entire operation and the essential goods and services that we provide, can be completely shut-down by one single positive test of COVID-19. At Phoenix, our clients who have been deemed essential are facing this challenge every day. So how can Lean Six Sigma help?

**Zero Defects.** The only way to eliminate risk in our facilities is to shut them down. For essentials, this is not an option. To mitigate risk, we can set our goals on ZERO incidents and adapt our operations to support the goal. With the same rigor that we would eliminate variation in a process, we need to chase-out the risks of spreading COVID-19.

**Visual Management.** Do you know what six feet looks like? It may be surprising how many people don't. While home with the family, I had a tape measure and joked with my daughters by extending the tape to stand 6 feet from them. Even I was a little shocked how far it was, and I've been measuring stuff most of my life! (I grew up in a machine shop, it's what we do.) Providing visual cues on distance, or even a "poka yoke<sup>3</sup> for people", will be a critical part of your response plan.

**Value Streams.** The requirements for flow have changed. Flow now needs to include 6-foot distances or effective barriers between work steps. Blue painter's tape can go a long way in helping establish work zones, hand-offs, quality steps, etc. Creative placement of shields can support separation when needing to work closely.

**Heijunka.** Revisit customer demand patterns and find balance with operational capacity. Demand and workforce capacity are going to be in flux, a reality we may live with for years. Bloated inventory, over-production, and an idle workforce is more an enemy now than it's ever been. At Phoenix, I work hand-in-hand with our Cash Management experts and the best way to help them....is to use less cash! Leveling the operation with demand will help conserve working capital and may be critical to business survival.

**Kaizen.** Change for the better. Lean or not, we need to redesign our operations ASAP. And then, we need to improve them, again, and again, etc. On a recent Lean Coffee call with the Association of Manufacturing Excellence (AME)<sup>2</sup>, I heard others are doing virtual Kaizen events and "GoPro" Gemba walks. Fantastic! Accept the reality and redefine how we engage and interact with the each other and the operation. Most, if not all, of our redefined processes will become a new normal or a critical addition to our business continuity plans.

Frankly, the applications of Lean Six Sigma can go on and on. It will be left to you and your advisor's creativity. To remain grounded, the following is a sample of actions we have taken with our clients:

1. **Redefine Access.** Eliminate non-essential visitors, screening (self-report, temperature checks), redefined shipping/delivery, redesigned receiving;
2. **Redesign common area usage.** Rolling break schedules, 6-foot zones in common areas, limited presence, reminders throughout;
3. **New sanitation procedures.** Pop-up and mobile hand-washing stations, hand-washing metrics (to manage, you must measure!), shift-change sterilizing, clear barriers;
4. **New training and standard work.** Distance training, re-training and reinforcement of new process, management oversight, checklists, package handling;

5. **Workflow.** Lengthen assembly process, use of red-zone conveyors to create distance, segregate QC checkpoints, alter material flows;
6. **Visual management.** Post clear goals with the common objectives of health and safety, workflow “tape” for flow and zones, visual cues on 6-foot distances;
7. **Communicate!** Inform, reinforce, and alert all stakeholders of Company objectives and process: employees, management, customers, vendors, couriers;
8. **Remote Work.** Leveraging our technology for critical interactions online! (with colleagues, suppliers, customers, lenders, stakeholders)

While you may have placed the objectives of Lean and Six Sigma to the side, I suggest you think again. These are the very tools you need to put to work. Right now. Those tools have helped many companies over the years to redefine, redesign, and optimize their operations. And now, they’ll be the tools we use to develop a new normal as we emerge from this crisis better than when we entered it. From home, the remote office, or in the six-foot barrier of the factory floor, let’s get to work.

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For another real-life example, we can all appreciate some of the better local grocery stores, one of the most essential businesses we know. Think of the potential for chaos: high volume, lots of people touching lots of surfaces, interactions with cashiers & the deli counters, etc.

How to use process improvement in Today’s grocery store- to stay open while keeping employees and customers safe:

- Limiting customer counts to allow for distancing, areas marked with 6-foot zones.
- Carts cleaned with sanitizer before next customer use.
- Hand sanitizer for customers on entry, exit and throughout the store.
- Each employee armed with sanitation supplies and using them.
- Shutting down high-touch areas (like the deli counter) and providing controlled “pre-packaged” product.
- Redesigned check-out with distances and barriers.
- Credit cards only, no cash exchange.
- Cashiers sanitize between customers.
- Well informed workers and managers ensuring compliance.

*The above is a simple but instructive example of how process change can be effectively implemented.*

<sup>1</sup> <https://www.middlemarketcenter.org/middle-market-research-reports-full-research/coronavirus-pandemic-and-middle-market-companies>

<sup>2</sup> <https://www.ame.org/>

<sup>3</sup> Wikipedia, "Poka-yoke." – a Japanese term that means "mistake-proofing"