Creating a Lean and Green Business System – Techniques for Improving Profits and Sustainability

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ABSTRACT

There are still too many companies out there that delay the integration of green into their lean operations, arguing that investment in green will disadvantage them against the competition. Managers whom still don’t have a solid plan for going green or, even worse, in doubt whether going green pays off, must have a look at companies like Toyota, WalMart, DuPont, Tesco, Unilever, Marks and Spencer and General Electric, all of whom have invested heavily in greening their products and processes over the past few years.

Unilever plans to double its revenue over the next 10 years while halving the environmental impact of its products. GE is well on course to reduce the energy intensity of its operations by 50% by 2015. Tesco has announced that it will reduce emissions from stores and distribution centres by half by 2020 and that it will altogether become a zero-carbon business by 2050. WalMart’s Zero Waste initiative claims that more than 80% of waste generated in its U.S. operations has been diverted from landfill while the company’s goal is to generate zero waste in the first place. In 2010, WalMart announced that it will cut total carbon emissions by 20 million metric tons by 2015. Toyota, already in their Fifth Environmental Action Plan, has announced that in production they have reduced emissions per vehicle by 37% between 2001 and 2012. But more interestingly Toyota will improve the average fuel efficiency of its vehicles by 25% in all regions by 2015 compared to that of 2005.

All these companies have elaborate plans and invest significantly in ‘green continuous improvement’. None of them, however, have joined the Greenpeace. So why do these companies care about ‘lean and green’? There are three simple reasons. First of all, environmental footprint and economic cost are almost always aligned. Reducing green wastes reduces economic wastes and vice versa. Secondly, investing in green continuous improvement unlocks a great deal of innovation and vigour across the organisation which in turn underpins future success. Finally, in most markets there is a substantial and growing demand for more sustainable products.

But ironically, today economic and environmental CI are separate organisational silos that sometimes even come into conflict with each other. This is one of the biggest opportunities missed across industries. There is a window of opportunity for lean managers to take on more responsibility in greening their firms. Green managers, at least so far, seem to be more concerned with technical fixes and top-down implementation of end of pipe and CAPEX hungry solutions which hardly leave a lasting cultural change. Lean thinkers can provide valuable experiences, techniques and methodologies for engaging with the workforce, bringing about sustainable cultural changes and deploy proven tools for systematic lean and green improvements.

This presentation will draws upon a number of case studies from leading companies who are bridging the gap lean and green. But more importantly, we provide a systematic approach for creating a lean and green business system, covering all aspects of the enterprise from internal operations to supply chain and from people enabling processes to strategy.
OBJECTIVES

1. To understand how leading organizations such as Toyota are integrating lean and green.
2. To explain how these companies turn environmentally driven pressures into business differentiators.
3. To be introduced to tools, techniques and solutions developed and deployed for lean and green and their benefits.
4. To introduce a systematic approach for creating a lean and green business system and to be introduced to case studies where it has worked.

The presentation is based on case studies and thousands of hours of research and application that went into the book “Creating a Lean and Green Business System” by Zokaei, Lovins, Wood and Hines.