

We Are Recovering From A Recession.... Are We?

By Carlo Scodanibbio

“They” say the bad news is now over and we start recovering from a Recession, the worst since 1929.

ARE WE REALLY RECOVERING?

Firstly, when did this so-called recession begin?

Someone says in 2008, with the explosion of the “financial bubble”...

Someone says it all began after September 11, when oil price started going up....

And many others give many other explanations.

But, what is the real, bottom-line issue?

Well, consider: our grand fathers generally used to work hard all their life and generally retired at about the age of 65.... Our fathers generally used to work hard all their life and generally retired at about the age of 65.... In our mature generation it is not rare to find many people still working hard even after the age of 65....

And what happened approximately 10 years ago? Many young people pretended to get rich and retire young, at the age of, say, 35, just by gambling on the financial stock market!

Was this the origin of the financial bubble? Better to leave the answer to illuminate economists and university professors...

Yet, in this simple story, we can try to identify a very basic signal of what truly happened in the past decades and what gave birth to the complex, unstable, unpredictable, troubled world of yesterday and today.

What we are suggesting is that the “recession” issue is not only or primarily of financial, economical or political nature, but rather of a “cultural” nature.

No-one can deny that in the past few decades there has been a tremendous “**values decay and loss**”: it’s clear and tangible. Without invading other territories (religious, political, and the like), let’s simply focus on industry and the business world in general.

If you ask a simple question to people with a job (any job: high / low skill – managerial / clerical / technical / labour – public or private sector....) such as: “...*what do you think while you drive or ride to work in the morning?*”, you will be amazed by the possible answers: “*I listen to the news, listen to some music, watch the traffic, worry for another day at work, worry for the problems I got to tackle today, intrigued by the new secretary, fearing the new boss, etc. etc.*”.

But if you make your question a bit more specific such as: “...*but do you happen, sometimes, to think of what you are going to do today at work to produce value for your clients and for your company and wealth for your family?*”, you will be horrified by the possible answers: “...*clients? which clients? I don’t have clients... I don’t work in the commercial or marketing department... I work in the store, I press machines’ buttons, I prepare delivery notes, I do accounts, I design electrical installations, I supervise a group of workers, I drive a truck, I write quality procedures, etc. etc. etc. – and: value? which value? I don’t know anything about value... I manage, I train, I assemble, I paint, I use my computer to enter data, I... etc. etc. etc. – and: wealth? which wealth? with the salary/wages they pay me I can hardly survive... etc. etc. etc.*”.

Amazing? Horrifying?

Surely something is wrong or has gone wrong, because – at the end of the day – what does “work” mean? It seems obvious that **working means producing value and wealth**. That’s why we work. It’s only with human work that we can live, progress, civilise, and try to be better and feel better, isn’t it?

And where is this simple but core concept gradually gone into in the past 50 years or so? Down the drain. Almost disappeared, and decaying even further by the day.

It has been gradually killed by:

- Adam Smith's and Frederick Taylor's principles of labour division, speciality division, single-skilling (often become de-skilling), scientific management systems, pyramidal organisational structures, bureaucracy, rules, procedures and top-driven-control.

It has been sustained by:

- Trade Unions palaeo-practices based on stricter and narrower job descriptions and rigid remuneration/career schemes.
- Greedy/unscrupulous entrepreneurs delighted to exploit human resources for their benefit.
- Palaeo-Management practices oriented to strict control of any sort and open only to supply specialised technical training to work forces if necessary...
- And others...

And it has been destroyed by false schemes of many sorts, according to which working individuals are not really responsible and accountable for their future and their destiny.

Along with such schemes, most working people, during the past 50 years or so, have started believing stronger and stronger that their future and their destiny depends upon: 1) the Organisation for which they work – 2) the Unions – 3) the Government.

If something goes wrong, people believe it's not their fault, but someone else's fault...

With the net conclusion that in most private and public organisations world-wide the industrial culture of Personnel at all levels is rotating around the faulty motto "*...I am not responsible for my life, my family's future, and my destiny - someone else is....*".

Has all this got anything to do with the famous Recession they say is now over?

Surely it has.

When Organisations, Enterprises, Managers, Personnel at all levels, Unions and Public Institutions are not driven by healthy Value and Wealth generation principles anything can happen.

Many illuminate economists, politicians and university professors have somehow confused everybody by stating that Recessions (and Recoveries) are based on financial mis-management, oil crisis, China indiscriminate growth, etc. etc. But no-one has been heard – in the past 10 years or so - stating: "*....people, it's time to go back to basics... it's time to roll-up again our sleeves and work and think harder... it's time to produce real Value and not fake Wealth.... it's long overdue....*".

Yes, it's primarily a Cultural issue. But no-one wants to admit it...

That's where the **Lean Philosophy** comes onto the scene and, possibly, may greatly contribute to the rescue.

Lean Thinking (or, **Lean Management**) have a number of main targets:

- 1) Maximisation of value to the customer
- 2) Drastic elimination of waste in all processes (core and support) that generate value for customers
- 3) Elimination or drastic re-dimensioning of all those processes (and functions) that do not contribute to generate value to the customers
- 4) Minimisation of all times required to provide value to the customers
- 5) Zero defects, errors and non-conformities
- 6) and many others

The above is achieved through cultural and organisational re-structuring of any Organisation, public or private:

- Re-skilling people at all levels
- Re-discovering processes and inserting multi-skill/multi-function people in value-generating processes
- Empowering people to improve continuously those processes in order to maximise their output value and minimise the inherent, residual waste

- Stimulating people to hard work, hard, creative thinking and continual growth
- Making people fully accountable and responsible for the value they produce – ultimately, for their life and their destiny
- Gradually changing remuneration systems on a merit/output-based fashion, as well as stimulating entrepreneurship at all level
- With utmost respect and care for: people, community, environment

The motto becomes: **lean, mean, green.**

Should these simple, core principles have been instilled and stimulated more intensively in the past 15-20 years both in the private and public sector (instead of suggesting fancy ideas of easy wealth) possibly we wouldn't have seen the Recession from which they say we are now recovering.

Should most entrepreneurs (instead of few) have embraced lean principles over 2 decades ago, we would be much better today.

Should the public sector have embraced lean principles over 2 decades ago, we would need no austerity measures and similar things.

But it did not happen.

So, are we really recovering now?

If we don't get a bit leaner, starting from the private sector (and hopefully with the public sector following a bit faster), NO, we are not recovering.

The negative change and decay will continue, possibly under different, and totally unpredictable camouflages.

To beat recessions and crisis, we'll need to "slaughter", to change skin, like snakes do. We'll need to transform managers into coaches. We'll need to "fabricate" a new breed of people, people driven by value principles and not by "job" principles. People dedicated to re-conceive, improve and perfect the processes they handle, which they can understand, and for which they must become responsible. People who enjoy working and producing value, proudly, and draw satisfaction from it. New millennium craftsman in their workshops. New millennium traders in their shop. In strict contact with their customers. Empowered People to whom work-pride/passion and professional and work dignity, usurped by over a century of labour division and top-control practices, will finally be given back. People who can think: **lean** (that's why the name: Lean Thinking).

It will take time. With everybody's commitment, much less.

And the time to go lean is NOW.

Dr Carlo Scodanibbio and Ing Joseph Micallef are presenting a number of Lean Training workshops in Malta, dedicated to both the private and public sectors, during 2013/2014, with an initial launching conference scheduled for the 11th October 2013. The title of the 2013/2014 Lean Training Programme is: "Recovering from a Recession".

Full details at <http://www.scodanibbio.com/malta2013/>