

Cultivating Innovation with Erlin Kakkanad and Bella Englebach | 044

Welcome to Lean Leadership for Ops Managers, the podcast for leaders in Ops Management who want to spark improvement, foster engagement, and boost problem solving - AND still get their day job done. Here's your host, Leadership Trainer, Lean Enthusiast, and Spy Thriller Junkie, Jamie V. Parker.

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Hey, ops managers. You know, sometimes I get messages from listeners who have a situation and they want to get some advice or thoughts or perspectives on it, and I received one of those messages recently from someone. He said, hey, I have some Continuous improvement, some Lean responsibilities in my work. And I'm now also being asked to do innovation. So now I'm kind of supposed to be doing this Lean and innovation. And so can you share some tips, advice on where to start on that? I really felt like I wanted to bring some experts in. So I'm super excited.

Today you're going to hear from two people. Erlin Kakkanad and I first met at an Iowa Lean Consortium event several years ago. We've stayed connected since then, have had multiple conversations and interactions. And she is actually pursuing a Ph.D. specifically in innovation strategies for disruptive, radical, incremental and transformational innovation. This is what she's just really digging into. And I really wanted to make sure she came on and shared her perspective.

The other person that's joining the conversation today is Bella Englebach. Bella and I met through Women in Lean, so it's probably about a year ago when we first met through Women in Lean, and then we've become kind of even closer as Bella is part of the Lean Communicator's group. Every three weeks I'm meeting with her there as well. I invited Bella because she really focuses on this, the idea of creativity and specifically creativity in Lean. She actually authored the book *Creatively Lean: How to get out of your own way and drive innovation throughout your organization*.

So here we have two people joining us. We're going to talk about: what is innovation? You'll hear about how frugality. Right. So especially if you don't have a budget, how does frugality kind of generate creativity or help inspire creativity? And then we're also going to talk a lot about this intersection of Lean and innovation as well as some different types of innovation and real case studies. So I'm super excited to share some real examples of how innovation can show up.

You ready? Let's dive in.

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Jamie V. Parker: [00:03:04] So we are going to jump in and dive into a whole conversation today about Lean thinking as well as creativity and innovation, and I have to tell you that I know I throw the word

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innovation around a lot, and I don't know that I'm necessarily doing it from a purposeful point of view or using it other than like it's a buzzword, right? Like, hey, innovation, we want to be innovative. And so, you know, before we kind of jump into the full details, I want to just put that out there first and get your thoughts of what do you think innovation even is like? What is that other than a buzzword that I like to put into my sentences?

Erlin Kakkanad: [00:03:52] I'd like to go first. I'm Erlin, and thanks for having me on your show, Jamie. I'm a faithful listener to your podcast, and I love the Lean topic. I agree with you. Innovation has become a new buzzword, and it's used for everything in the improvement phase space of projects as well as anything new and novel. I think for me, innovation, the way I define it, is it is going to create whatever you develop, whether it's an in-house process or it's a full blown project or a product that a service that your customers are going adopt and use. And it's new and novel. And it's never done before, and that's a part of what a part of the part is a part of the innovation definition.

And then the second part of it changes the way it changes the behavior of the customer, the way they did work, the way they did sort of their day to day activities. And even if you offer them a bucket load of money, they wouldn't want to go back to the old way. So that's the paradigm shift that happens in that behavior. And that's the result of that product, which is that innovation. So for me, it has to be novel. It's new, it's never done before. And it changes in some shape or form your customers behavior, who uses and adapts that service or product.

Jamie V. Parker: [00:05:38] Ok, great. Thank you. Bella, how about for you? What does that mean for you?

Bella Englebach: [00:05:43] For me, innovation has a simple definition, which is that it's creativity that is useful. So you can come up with new stuff. But as Erlin points out, something simply being new isn't necessarily important. Right. And what's important is something that's actually useful. As Erlin says, you know, if you're thinking of a product which might change the behavior of the customer. So I think it is important to separate the ideas of creativity from innovation, which is a result.

I would also say don't be scared of innovation. Innovation is not something scary. And not all innovation is disruptive innovation. I think we've been conditioned to think that innovation has to be something huge. Another innovation could be something that is creative and useful and is also small or perhaps just incremental. So if you're working on Lean and you're doing incremental improvements and somebody

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says, oh, you know, you've got to be innovative, that doesn't mean that all of a sudden you have to change the direction of business for your company, but it has to be useful and it has to have that - Erlin used a great word - novelty. It has to have some novelty. Yeah.

Jamie V. Parker: [00:07:03] You know, I love this idea that you just brought up to is this question about incremental and maybe a viewpoint out there that innovation is this big, massive thing. And I've even had listeners come and say, hey, you know, I'm responsible for Lean thinking and helping to drive that in our culture. But then I'm also my boss, my organization. Right. They also want me to drive innovation. And so what is this kind of intersection between Lean and innovation? I mean, do they intersect? Are they at odds or are they compatible? Like what is this whole thing of Lean and innovation?

Bella Englebach: [00:07:46] Well, I'll answer this is Bella. Again, I have some really good news about that. And that is that the culture that you're going for in a Lean culture is a culture that will also permit innovation to happen. So when you're creating that safe Lean culture where people can point out where there were problems, when you're creating that safe Lean culture where people can bring up ideas how to improve things and then actually get to try them, those are the same basic behaviors that you need in an innovative culture. Now, as I think Erlin will probably say, that's not enough to get all the way to innovation. But if you're doing Lean and you're focusing on the culture side, you are already started down the road. So it's not that these are diametrically opposed at all.

Jamie V. Parker: [00:08:33] Ok, so it's not that like, oh, this focus on standard work and Lean and I have to have standards is not - that's not all of what Lean encompasses. And so it's not necessarily inhibiting creativity or inhibiting. Because I hear this a lot like, "wait, how am I supposed to improve but also do it the standard way."

Bella Englebach: [00:08:54] So here's the thing. I love to hear what Erlin has to say about this. In order to get to a good standard, you better be creative. And a really good standard is probably innovative because the standard that works for one company or organization, another part of the company is probably not the standard that works for you. Right. So a good standard, one that has that one that has been created and then improved, probably has some component of creativity and innovation in it. So I don't see I don't see, you know, having a standard as being anti innovative at all. So Erlin, I'd love to hear your thoughts.

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Erlin Kakkanad: [00:09:36] Yeah, I mean, I think about are we at crossroads or, you know, everybody has a Lean and innovation . . . the way typically organizations are approaching it is they're having an innovation team separately and they have a Lean practitioner separate. And that's kind of how in today's corporate America, in organizations is kind of how it's set up. But when you look at the methodology and you look at the culture aspect, Lean is about doing more with less. That's kind of what all the standard work and all of that ultimately drives to is that bottom line of doing more, providing more customer positive customer experience by cutting down time, you know, improving cycle time. So doing more with less, less time, providing more output, best customer service.

So when you think about that Lean house, right, we have the customer we have for, you know, the first pass quality, your cycle time in the middle. I always talk about the Lean house in the center of that is the key to that house and that key is always held by the customer. And so that entire Lean house focuses on making sure that our customers are happy and we are getting more customers.

Frugality drives creativity and creativity drives innovation. If you have a ton of money, you're not going to be thinking about creative ways of doing things and you're not going to be thinking about Lean approaches. What's going to be of one fat organization? But when you have very limited resources as an organization or culture becomes what else can we do and what else can we do differently to one, meet the expectation and exceed the expectation and maintain that market share. So I feel like it complements the concepts, complement each other and that the culture of Lean the frugality together drives innovation as well.

Bella Englebach: [00:11:44] And Jamie, this is what you would tell operations managers, like if something's going really well now, you might go in and actually take an operator out, right or ask them to do it in less space, creating that frugality that Erlin is talking about and that now you've got to start thinking creatively in order.

Jamie V. Parker: [00:12:07] Yeah, really kind of takes me back to the book *The Gold Mine*, where he talks about the lake in the rocks and that as we lower the level of the lake, it exposes the rocks. And in that case, it was about inventory, but it really could be about anything, which is kind of as we lower that level, it exposes what the opportunities and the obstacles are and creates it creates like this new dynamic to consider.

Bella Englebach: [00:12:32] I want to. I want to take the conversation a little bit of a different direction, if you don't mind. My whole career has been about how we put together creativity and Lean thinking. I spent a lot of time thinking about that and working on that and trying to bring these practices together for my

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own practice. And one of the things that drove me in that direction was that I was working in product development. So it was not coming out of a manufacturing background, not doing manufacturing is working on product development.

And so I think there are a couple of really big differences when you are coming up with a new product or service from a manufacturing production system approach. And that is, first of all, when you are coming up with a new product or a new service, you are going to have to do a lot of iteration. Iteration is going to be incredibly important to do that. So if you have standards in place that oppose iteration, that opposed trying things in different ways, and are opposed to running experiments, it's going to be very difficult to come up with a new product or service. It really does require innovation. And the second is, at least in my opinion, a lot of people who are involved in Lean product development, what you are creating in product development is not actually the new product.

Bella Englebach: [00:14:05] What you're creating is not, as Erlin says so beautifully, is, is knowledge about the customer. You are creating knowledge about the new product which the plant can then use to build the product for the software developers can use to write code for the products. Right. And what you have to pay attention to is not necessarily the flow of a thing. You have to pay attention to the flow of knowledge and make sure that you're capturing knowledge from your iterations.

So the times you tried different experiments and that you are reusing that knowledge appropriately. Again, going back to the frugality. I don't want to ever have to redo an experiment that you have already done because that's a huge waste in product development. And so I would suggest for your listeners who have been told what they have to do, innovation, and if they're being asked to work with product development teams to bring in everything about the way they know and love about Lean culture. But take a step back and think and understand that what is flowing in product development is something quite different.

Erlin Kakkanad: [00:15:20] I also think that when we have the Lean and innovation to somebody's title, everything that Bella set out to take a step backward because it's a different skill set. It's sharpening the creative thinking skills along with the problem solving root cause analysis and all of the tools that we have. But rethinking, reframing what the customers would want and sometimes the customers and the product design, maybe thinking about only catering to your current market segment and innovation is about reframing that problem. And sometimes it's also cutting down features so that you can reposition your product to understand the customer segment.

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So thinking about it and I'm talking a little bit more about innovation from a customer standpoint, but innovation could be when you think, Jamie, you talk about the lake, the water and the wrong of inventory supply chain, even though there's a supply chain innovation, there is operation model innovation in this product. Innovation, of course, which is broadly and most commonly known knowledge around innovation. A lot of people gravitate towards products because of Apple and Google. Yeah, it's product driven. So people think about that.

But look at Southwest Airlines, for example. They did not redefine the industry, but their innovation was around how the operating model and how they operate, how they spend less time at the gate so that they can refuel and go, because when they're flying is when they make money, not when it's docked up at the airport. Now, they run to the docked but stopped at the airport. You don't make money there. So they cut down on those things to be profitable.

But still also in the operating model, they provided so many, I think, folks along the way for the customers that they have this huge following of their own, you know, Southwest passengers who go there every single time. So innovation is about that. It's about doing it differently and not necessarily maybe changing the product, but changing something and how it reaches the customer that Bella said that knowledge flow, but doing it in such a way that you you're able to not just tackle and capture your own current market, but also build and reach those that are underserved market segments today.

Bella Englebach: [00:17:56] So, Jamie, there's a great Toyota story about that. Right. So I think people think of innovation at Toyota as being Prius, which, of course it is. And so that was Prius was a project where they said, we want to come up with this hybrid, you know, less, less, less fuel using less fuel. And so they took a whole team, as Erlin said, a separate innovation team, and they sent them off, gave them their own resources, and they kind of did that off to the side. That was a long, slow project because of all iterations that they had to do.

But there's like a wonderful innovation from Toyota right in front of us. I think that we don't really realize that it really demonstrates this whole idea of another market segment and the use of knowledge. And that was when Toyota decided to go after the luxury car market and create Lexus. So they went and first of all, they said, we want this market, we want these customers and they want to really understand the customers. And then they went and they looked at the competition and they bought the competitor's vehicles and they took them to pieces. And here's what they learned, was that a lot of what was really going on with the Lexus was what became the Lexus. And the luxury cars was just Toyota engineering everything to a much greater degree of quality.

And Toyota's already got a massive amount of quality, but they had to take it to another level. But when you buy a Lexus, the frame is basically a Camry. I'm going to feel more comfortable, it's going to be quieter, better material . . . You're going to sit on better material. You know, the steering maybe may be better. It may be sporty. You know, it depends on which Lexus you're getting. But essentially, they've

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taken all the learnings from building a Camry. And now they said we're going after this market, new market for us.

And because they're Toyota and they're so good at the iterations, is so good at managing that look, their knowledge flow and keeping their knowledge and reusing the knowledge they were able to do it and kind of record time with the industry. So another thing I would say to folks who would like, OK, now you've been told you're responsible for innovation, which is kind of scary, and it feels like it's very different from Lean.

One of the great innovative companies to study is actually this company we study all the time is Toyota and Toyota. Product development is just as interesting and just as fascinating as the Toyota production system. So you don't have to go too far from what you've been trained in to start to learn about, you know, some of these principles that we've been talking about.

Erlin Kakkanad: [00:20:49] Yeah, that's a great example of Toyota, because Toyota not just is an innovator in their product and their manufacturing of cars. When Toyota Prius first came to the United States and they were competing in a busy market of the American manufacturers, they took a different look. And here this is an example of the model novelty that we're talking about. Anybody who purchased a Toyota car and took it to a service center would get their full car washed, vacuumed and cleaned that no American manufacturer was doing at that point in time. So they wanted to bring their culture, which is the customer is a God. I don't know how they say it in the Japanese terms, but that's in the book.. And the Toyota production model also talks about the customer being, you know, at the top level.

They literally put that in their service model and that's the service model innovation, which was never done before. And they came out with that and everyone mocked them for that. But just the typical story of an innovator, I guess. But it's just one of those things that today you go to several manufacturing car services, the kind of sort of all of this almost do that in some way or they give you some.

But I think when I think about the Lean tool that would apply to something like this would be the closest that comes to this is a KANO model where you would look at what are the must haves, what are the nice to haves? Typically in a Lean project, when you're looking at that and you're using a KANO model and you're looking at the features and what can we do? What's the priority? We typically don't look at the nice to have. It's kind of from the far right and you don't want to get to it. And we say, it's innovation, it's a different lens.

You really want to look at what are those nice to have. Who is it attracting? What happens in terms of retention? And if we do more of that with less? I think we would that be a differentiator for us and that is

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what innovation is all about, is strategizing on differentiators and building up on that through innovative approaches, either through your service or your product or your supply chain.

Jamie V. Parker: [00:23:20] Yeah, fantastic. As we start to start to kind of think about how we want to close out, I want to just put it out. This is I mean, this is one of those conversations that, you know, a 20 minute dialogue is just barely scratching the surface, but just getting our listeners starting to think about it as they're being kind of thrown into this space of, hey, creativity, innovation, Lean. And what does all this mean? But thinking about, you know, what would be next for somebody and whether that's a recommendation for a place to go learn, a recommendation for something to do, a recommendation for a reflection or question, a lens to start looking through? What do you recommend for folks? What do you have for them?

Bella Englebach: [00:24:08] What this is Bella. What I like to ask people to do is start to think about their thinking and then in Lean we often talk about thinking about our thinking. But to start to think about our thinking and just get comfortable with the idea that in order to be creative, which is what drives innovation, we have to be comfortable both with divergent thinking, which is where we think broadly and we ideate. And we have to be comfortable with using convergent thinking, which is where we select things and improve them. And we have to be comfortable with actually separating those two types of thinking.

And I think . . . Erlin said something which was really which is really interesting, which was that when you're the innovator people sometimes laugh at you. You know, sometimes you're going to say things that other people think you're ridiculous. Or if you are responsible for leading innovation, somebody may come to you with an idea that that you might immediately think is ridiculous. And the first basic thing that you can do to start to move in that direction of being more creative, which leads to more innovation, is to get used to the idea that in order to come up with innovation, there are going to be some crazy things that people are going to say or do or crazy ideas, and that's OK. That's good to see how you can get comfortable with that with divergent thinking.

Jamie V. Parker: [00:25:31] I think that's a great callout, particularly for those of us who have been more in these process spaces. Operations get stuff done. We ain't got time for that. Right? To what Erlin said earlier about the things - the nice to have. Well, we'll get to that later. We've got to focus on this. I really love that, Bella appreciate it. Erlin, how about for you? What do you recommend for folks?

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Erlin Kakkanad: [00:25:52] Yeah, I think two things are what I would recommend. Definitely don't be afraid of trying things, new things. If you have innovation in your title or in your role or it's something you just like to do on the side, or you just have a you might have just a natural eye for innovation and then asking how we can rebuild everything. That's certainly with innovation. It's like those nice to have buckets. So with innovation to really be successful and you really want to beat the drum in your organization, you want to do it in a small little you know, take a small little piece out of your operation and just test it out and say if this happened, hypothesize. How would customers react? Why? Why not? Do it in a small little piece in a room and just walk through that as your own customer?

Another part is if we can, unfortunately with COVID we can't as much. But you can always understand what we're trying to understand, because . . . What are the behaviors of your customer today? What are the compensating behaviors? A great example in the case study that I would like to offer up is the Swiffer. And I can give you the link, Jamie, if you want to put on your shownotes.

Swiffer came about from that nasty looking mop. It's because they went into the houses and they looked at how women cleaned houses. And it's not the job of cleaning, but the activities that happened before the cleaning and then after, which is trying to clean that mop. And then third is hiding it away somewhere in the garage or somewhere tucked away because it just looks so ugly. Right. And Swiffer took care of everything, because you just take out the cloth now and you just throw it in the trash can and you have these happy dads, you know, jumping. . .

Jamie V. Parker: [00:27:52] Me oh . . . I will tell you I won't do the whole, like, old mop that we had when I was kids. Right. Like, I'm not touching that. I'm not trying to squeeze all that out. You're out of your mind. I'm loving the Swiffer.

Erlin Kakkanad: [00:28:05] Right, and that's the case study, I will send you the link to it. It's amazing. That's great. So I think that's one of the things that is an example of what are compensating behaviors. If you would have started a company and tried to innovate and come up with a new mop, you would have created a new product that looked just exactly like the old one and would have never understood the compensating behaviors of a customer. Innovation is really changing that behavior for the customer and making their lives efficient is bringing efficiency out of our company into the hands of the customer.

If I have an iPhone and I get told I'll get a free lifetime prepaid phone access across the block from here, you would never take it, even though it's free. So you will because you have everything on your iPhone, but everything on your smartphone.

The second one and I pulled my book out and I will definitely recommend it for anyone. Starting a creative innovation journey is the book is *10 Types of Innovation: The Discipline of Building Breakthroughs* by

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Larry Keeley and a few other authors. It's available on. I think it should be available on Amazon. That's where I got it from. And Barnes and Noble. So this is a book. It has many case studies of companies across all different type of innovations that anybody from manufacturing, industry or finance or banking. This book will definitely help you get started on your journey as you're thinking and becoming an innovation and Lean manager.

Jamie V. Parker: [00:29:40] Fantastic. And if we plug another book on this whole topic of bringing creativity and Bella, you have a book as well, right?

Bella Englebach: [00:29:51] I did. I wrote a book called *Creatively Lean: How to Get Out of Your Own Way and Drive Innovation throughout your Organization*. And the reason I wrote the book was because I was having a actually a hard time with, you know, with people like, you know, some of the people that you were talking about, Jamie people who really couldn't understand how Lean and creativity, innovation could work together. And I knew they could. So I wrote the book.

It's a story of a middle manager and how many of us are middle managers kind of stuck between, you know, senior leadership and the folks, the folks who were doing the real work. And how she learns to really actually use her creativity skills with Lean so that she can help her employees be more creative and come up with better solutions inside the company.

If you want to reach out to me on my website, which is <https://leanforhumans.com/> and click on the tab for the book, that actually is if you're in the US. You could buy a copy of the book from me and I will sign it. You can get a signed copy of the book from me on my website, <https://leanforhumans.com/>

Jamie V. Parker: [00:31:07] Yes, fantastic. And we'll make sure we put that link in so folks can find that we'll put the link to the other book that Erlin recommended as well as the case study for Swiffer. Now I've got to go read that. Every time I talk to new people, I have like new reading stuff added to my queue.

So let's let's find out. So if folks want to kind of learn more and connect with you, Bella, we've got your website and then Lean for humans dot com. And then what's the best way? are you on LinkedIn? Is that the best social platform to connect with you?

Bella Englebach: [00:31:39] Absolutely. Definitely LinkedIn.

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Jamie V. Parker: [00:31:41] Yes. Yes. And Erlin, how about for you? What's the best way for folks to connect and learn more from you as well?

Erlin Kakkanad: [00:31:48] Yeah, I'm on LinkedIn. That's the best place to connect with me, to learn, I can constantly post things on innovation and creative thinking and several other topics. But I'm also on Twitter and Instagram, Facebook. But LinkedIn will be a place to start.

Jamie V. Parker: [00:32:08] Well, fantastic. Thank you both for joining in this conversation. I really enjoyed it, especially this is an area that I haven't done a ton of work on and a ton of reading in. So I found that really enlightening. And like I said, my reading list keeps growing and I'm super excited to explore the topic further.

Erlin Kakkanad: [00:32:27] Thanks. Thanks for having me.

Bella Englebach: [00:32:29] Thank you, Jamie.

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I really love this dialog with Erlin and Bella and so excited to be able to bring this to you. As for your next step, your next step today is super simple.

I want you to go to our show notes where we have the links. We're going to have links to the book that Erlin recommended. We're going to have a link to Bella's book. We're going to have a link to a case study on Swiffer.

And so that's your next step, the way you get to show notes as you go to <https://processplusresults.com/podcast> . That's <https://processplusresults.com/podcast> .

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That's where you'll find this episode with Bella and Erlin all about innovation. You're going to get those links.

I also encourage you while you're there, follow the links to LinkedIn and connect with both of them because they both post fantastic stuff.

Until next time.