

A Wall-Streeter's Fascination (and Frustration) with Lean

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“The Way of Lean InvestingSM”

Goals for Today

“Get Engaged”

1. “TWOLI”
2. Go to the Gemba and Watch
3. Train your Eyes, Lips, and Ears

Shut Up and Listen



My Role

Independent Investment Research

- Find the Next Danaher
- Cultural Sleuthing
- Self-Selecting Societies

Multiple Mechanisms

Cross-Check, Cross-Check, Cross-Check

- **There is No Magic: Just ASK!**
- **Ask at All Levels**
- **Your Colleagues**

Learning Opportunity



Where The Real Work is Done

- Genchi Genbutsu
- **Go and Watch**
- **Global Brand of One**

Measure What You Cherish

The Right Metrics are Critical

- The Vital Few
- Make them Visible
- Keep them Simple

Not Rocket Science



My Archetype

Danaher Corporation

NYSE – DHR - \$83.94

**Diversified Industrial, Medical, and
Technology Conglomerate**

DHR

Sep 06

O:83.37 H:84.02 L:82.68 C:83.94

Vol:5.17M

+0.88 (1.06%)

finviz.com



DHR [NYSE]

Danaher Corporation

Two Archetype(s)?

Fortive Corp

NYSE – FTV - \$66.48

Diversified Industrial Growth Company



Super-Achievers

Rarity Pays

- Wall Street is Tough
- **C.R.I.S.S.P.** Companies
- Super-Achievers

Next-Gen-Danahers

Far More than a Farm Team

- Multiple Ways to Play
- You Can Be Picky
- Some Recent Experiments

Engagement Examples

Teach ♦ Coach ♦ Demand ♦ Live Lean

- **Mike Lamach**
- **Bill Kassling**
- **George Sherman**

Who Counts?

Where is the Front Line?

My Half-Century of Evolution

Shareholders

Customers

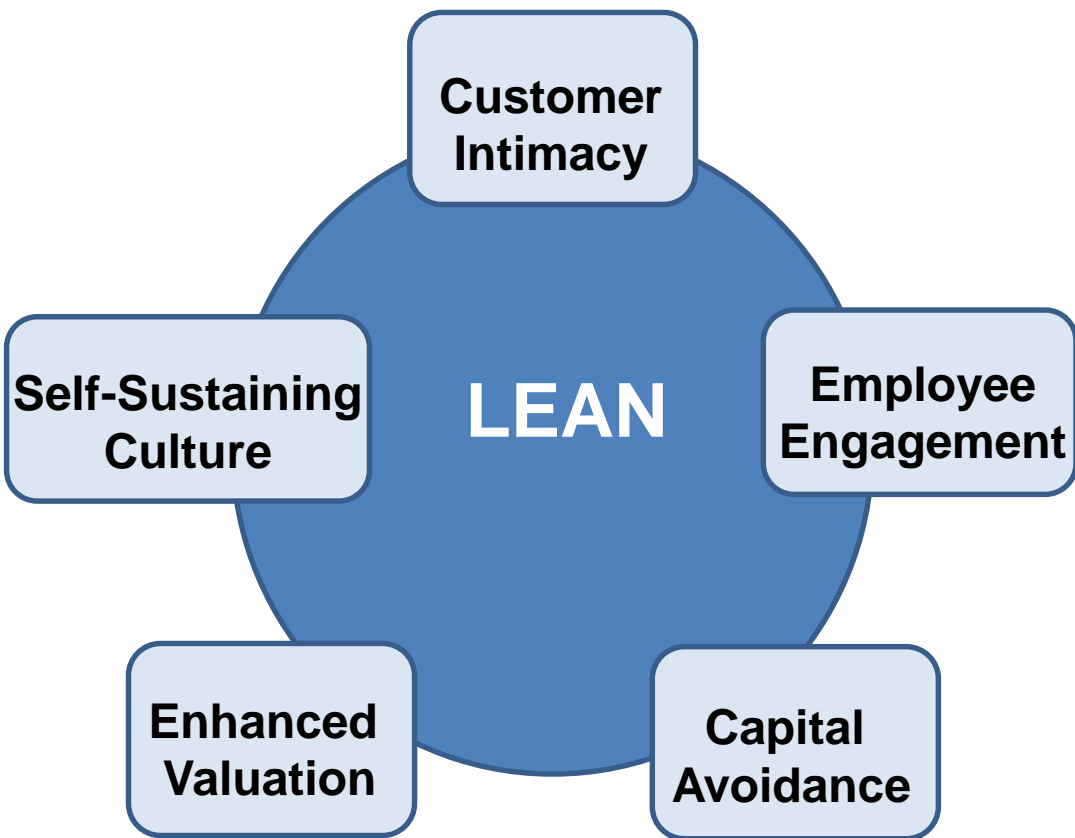
Employees!

Individuals Drive Lean

Chicken or the Egg?

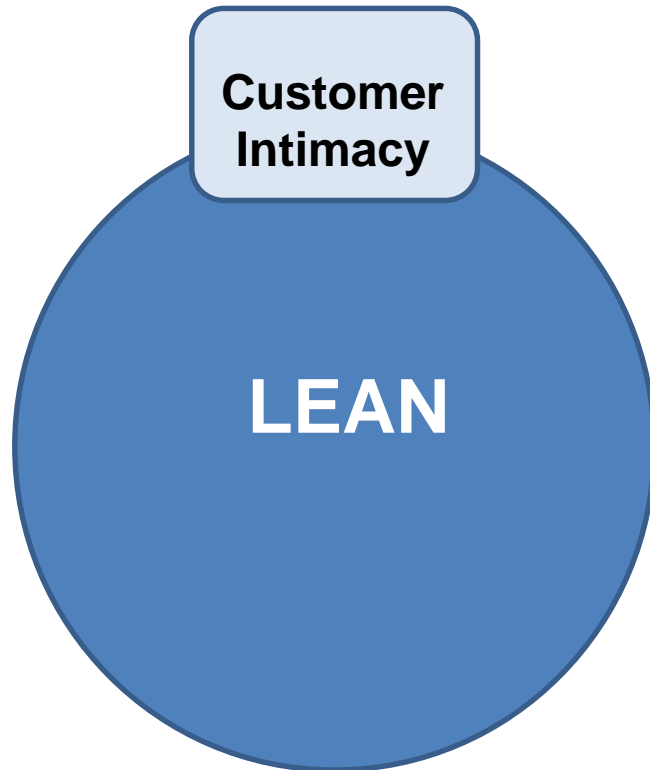
- **Respect for the Individual**
- **Safety: Everyone's Number One**
- **Quality and Delivery Drive Everyone**

Interlocking Benefits



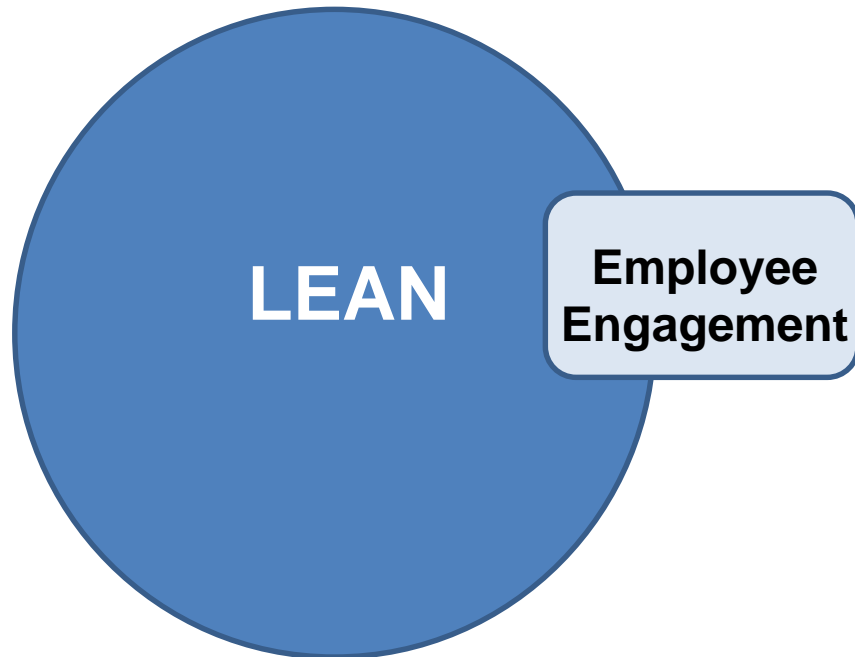
- My “Wheel of Lean”
- **Self-Reinforcing**
- **Never-Ending**

Own the Market



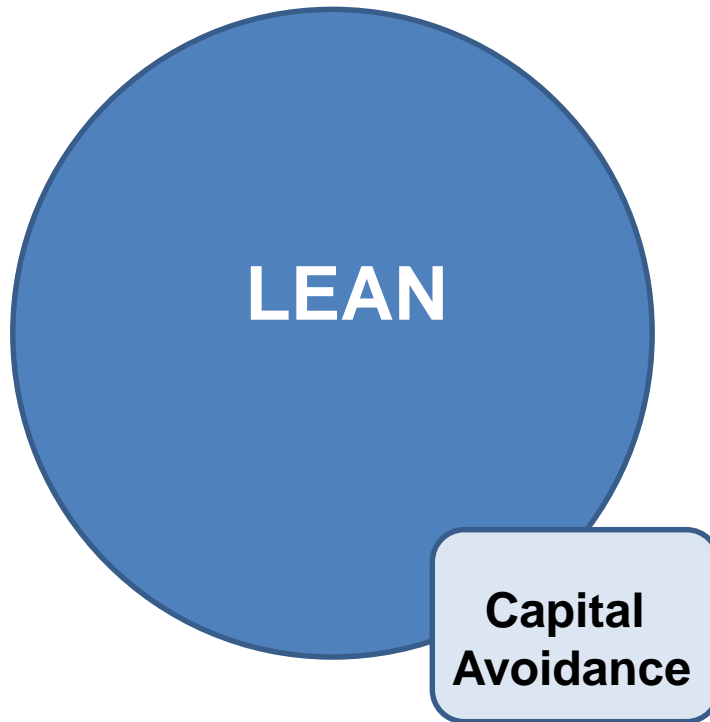
- **Competitive Barrier**
- **Customer Satisfaction**
- **Best In Class**

Employees First



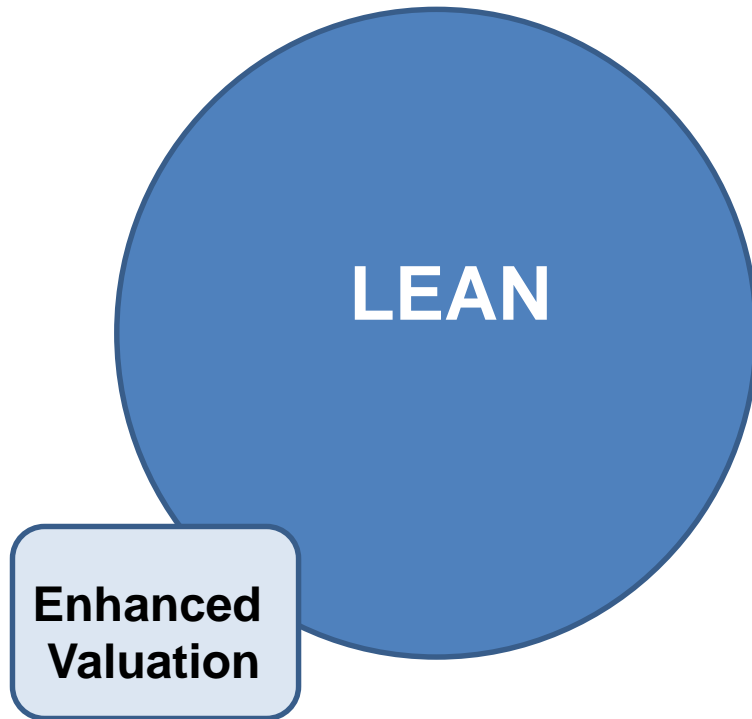
- Do You “Manage” Others?
- Start with “The Line”
- 3M Flipped the Pyramid

Too Often Overlooked



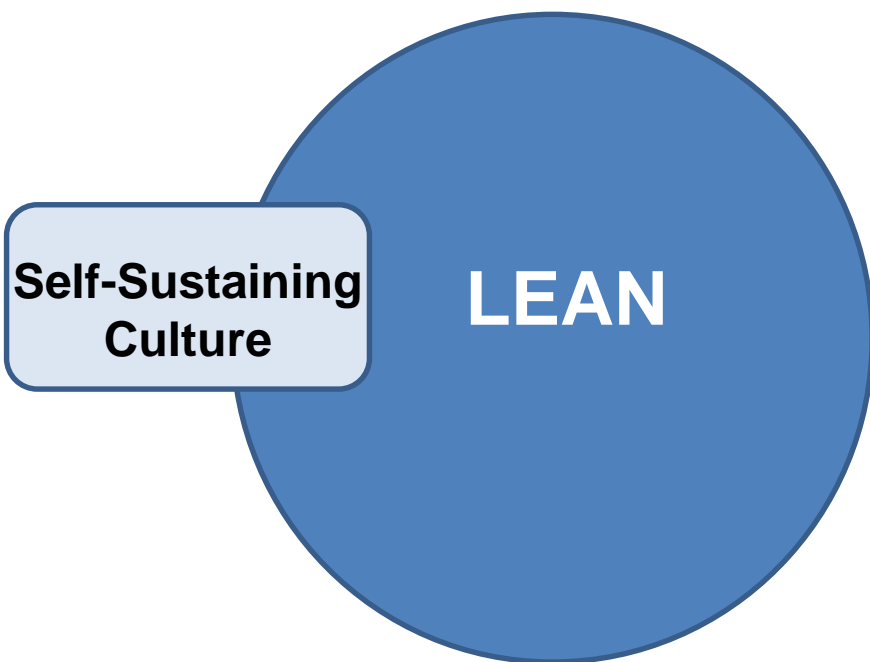
- **Productivity**
Never Ceases
- **Save Money**
- **Allocate**
Resources

Multiple As Multiplier



- **The Pay Day**
- **Lots of Examples**
- **What's Not to Like?**

Ne Plus Ultra



- Too Zen-Like?
- Takes Forever
- Perpetual Learning

Your Risk

Failure is Easy: Success is Elusive

- A Process is a Process is a Process
- 5% Penetration
- The Greatest Sin

Want a Premium Valuation?

C.R.I.S.S.P.©

C = Consistent

R = Repeatable

I = Integratable

S = Scalable

S = Sustainable

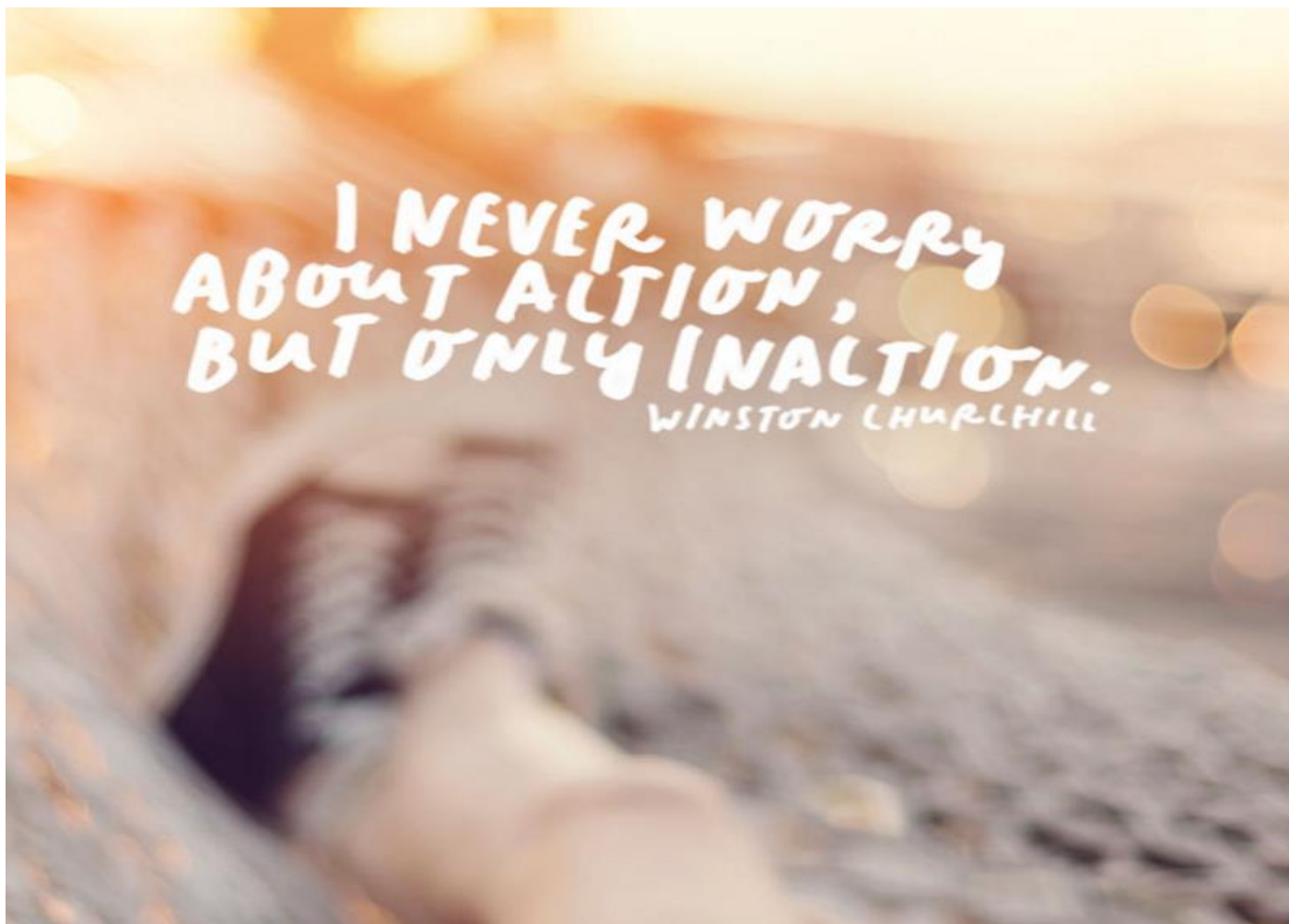
P = Predictable

Be Ready

Are You Ready for the Good Stuff?

- You Can Have It All
- More Customers, Orders, & Cash
- Free Capacity

Learn From Defeat



That's Not All

Can You See Over the Horizon?

- Foster and Finance Growth
- Expand Opportunities
- Not About Cutting

Common Themes

It's the Culture, Stupid

- Hard to Define
- Easy to Recognize
- One Failure is Probably Necessary

Lean Imperatives

- Leadership from the VERY Top
- Culture, Not Tools
- Lean is Nonnegotiable
- Right Metrics & Visual Metrics

My Conflict



The Driver

Hoshin Kanri: Rare but All-Powerful

- Think System and True North
- Use Lean to Foster Lean
- No One Starts There

Strive for the Best



Challenge All
You Have to be Tough;
Never Give Up

And I Mean Ruthless



Discussion

Q & A

Thank You!

Your opinion is important to us!

**Please take a moment to complete the survey using
the conference mobile app**

Session No: WS / 35
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with Lean**

Not Exactly an Epitaph

