

# Problems and Suggestions on Lean Management Mode of State Owned Coal Enterprises

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**Abstract:** Since the 20th National Congress, China's economy has entered a new era of achieving high-quality development, building a modern economic system in an all-round way, and improving the efficiency of all factor production, which also puts forward new requirements for state-owned enterprises to speed up the development of quality change and efficiency change. Through in-depth analysis of lean management theory, combined with problems in the practice of lean management of state-owned enterprises, this paper constructs a lean management model for state-owned enterprises, In order to adapt to the new trend of state-owned enterprise reform.

**Keywords:** Lean management; Management mode; State-owned enterprise

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## 1. Lean management theory

### 1.1 The connotation of lean management

“Lean” is a kind of production mode, method, as well as a kind of management thought and concept. It evolved from Toyota production system and just in time production system. The idea of lean management is embodied in the precise value of specific products, the identification of product value stream, the value of constant flow, the value constantly pulled by users and the pursuit of perfection. Lean management is a management method to promote enterprises to reshape business processes, reduce waste and create more value. Lean management should obtain the maximum benefit with the minimum investment, and at the same time, produce or provide products and services at the lowest cost and the most reasonable price in the shortest time. It must also take into account social and economic interests, perfectly integrate all aspects to maximize profits.

### 1.2 The necessity of lean management

The report of the 20th National Congress of the Communist Party of China proposed that Chinese path to modernization is the modernization of common prosperity for all people, and state-owned enterprises are the important material and political foundation of socialism with Chinese characteristics; It is also the stabilizer and ballast of the national economy. To promote common prosperity, we must continue to deepen the reform of state-owned enterprises and constantly enhance their vitality and influence. To promote the reform of state-owned enterprises, on the one hand, it is necessary to accelerate the industrial transformation and project transformation of state-owned enterprises, and strive to build a modern industrial system. On the other hand, it is also required that state-owned enterprises carry out management innovation and creation, and build a management system and operation mode that meet the requirements of high-quality development.

## 2. Problems Faced by the Current Management of State owned Enterprises

### 2.1 Production and operation efficiency needs to be improved

The overall equipment efficiency (OEE) refers to the ratio of the actual production capacity to the theoretical capacity. It is an independent measurement tool. The core of lean management is to focus on the improvement of the overall equipment efficiency (OEE). Compared with world-class coal enterprises, China's state-owned coal enterprises spend a long average time on routine equipment maintenance every day, leading to the overall equipment efficiency (OEE) of China's state-owned coal enterprises is generally lower than the world-class level, and the production organization and standardization industry are also a certain distance

from the lean goal.

## **2.2 Staff's comprehensive ability needs to be improved**

Personnel are the core of an enterprise. At present, compared with the world-class coal mines, the skills of the personnel in China's state-owned coal mine enterprises are uneven and the mismatch between personnel and posts is also obvious. The staff in state-owned enterprises are not enthusiastic about their work, and their own talents and potential have not been fully developed. This is one of the important factors restricting the development of state-owned coal enterprises, which deserves attention.

## **2.3 Insufficient lean management system**

At present, compared with the world's first-class coal mines, China's state-owned coal mining enterprises have more management systems and standards, and there are many "short circuits" and "open circuits" in the management process. For example, many coal enterprises have gone to the information system, but some have only counted some data and figures, and have not optimized and reorganized the business process, nor have they effectively played their important role in strengthening management and helping decision-making. There are also some enterprises that have carried out some process reengineering around internal management, but the result is that one person can decide things, instead of three people signing, the efficiency does not increase but decreases.

# **3. Suggestions on Lean Management Mode of State owned Enterprises**

## **3.1 Combination of number and intelligence to realize process reengineering**

"Build six business systems" and "improve ten operational control capabilities". Build six business systems, including comprehensive budget control system, performance appraisal system, salary distribution system, risk control system, comprehensive operation analysis system and production operation monitoring analysis system. Improving the ten operational management and control capabilities includes opening up end-to-end processes through the integration of industry, finance, capital and tax, and improving business collaboration capabilities; Improve cost control and enterprise profitability through refined cost management; Improve the efficiency of human resources management and the ability of talent team building through human resources management; Support the implementation of the strategy through a comprehensive budget network, and improve the resource allocation capability; Improve the quality of financial data and the ability of supervision and analysis through accounting; Reduce capital risk and improve capital value creation ability through capital management; Improve the investment process monitoring and investment return capability through the whole investment process control; Ensure the consistency of accounts, cards and objects through asset life-cycle management, and improve the ability of asset supervision and value maintenance and appreciation; Improve legal affairs processing efficiency and compliance management capability through legal affairs and contract management; Improve the standardization level of audit business and risk monitoring capability through the whole process management of audit. So as to finally establish a group digital operation management and control platform covering the integration of core businesses of "human, financial, material, sales, production and supply", promote the improvement with the solid system of the platform, promote enterprise business process optimization and lean management, and achieve the goal of "horizontal business collaboration and vertical operation insight".

## **3.2 Led by Party building and strengthened the idea of lean work**

This requires that, on the one hand, state-owned coal enterprises should constantly deepen the Party committee's work thinking of "emphasizing politics, keeping the bottom line, strengthening integration, and exploring a new path". On the basis of mastering the basic situation of the enterprise, they should distinguish the "economic, political, and social" responsibility fields of state-owned enterprises, and recognize the bottom line work such as safety, environmental protection, letters and visits, public opinion, epidemic, investment, capital, debt, finance, trade, law, and integrity. At the same time, the Party building work should be planned in the overall situation of enterprise development; On the other hand, state-owned coal enterprises should also constantly optimize the "two platforms" of party building performance management and party building dispatching management, so as to comprehensively improve the leadership and security of party building and the deep integration of the party and government. On the basis of continuously optimizing the performance management of party building and testing the effectiveness of the work of the party organization with the results of enterprise reform and development. We should also give consideration to the continuous optimization of party building dispatching management, and force the implementation of responsibilities, measures and benefits through process management and control.

## **3.3 Realize the integration of "comprehensive budget - performance appraisal - salary distribution"**

Realize the integration of "comprehensive budget - performance appraisal - salary distribution". It is necessary to strengthen the implementation from five aspects: first, adhere to the goal orientation, and strengthen the establishment of a comprehensive

target index system with benefit indicators as the core, including the following key points: first, personalized auxiliary indicators focusing on sector management, second, differentiated main responsibility indicators focusing on the main functions of headquarters departments, and third, the provincial SASAC, the provincial national sports company and the group party committee Key indicators of the Board of Directors' decision-making and deployment, the fourth is the benchmarking indicator system to improve the quality of economic operation, and the fifth is the bottom line veto indicators. The second is to adhere to the benefit orientation, strengthen the establishment of the three-tier goals of "benchmark goal, struggle goal and challenge goal", link with the salary distribution, encourage all employees to "jump up and pick peaches", and guide the enterprise to transform from big to strong, improve from good to excellent, and break through from the survival line to the development line. Thirdly, adhere to the value orientation, encourage the headquarters of the Group to actively participate in and apply for the assessment indicators of the provincial SASAC and the provincial national transportation company, and implement the principle of "add points and add points"; Encourage full research and use of policies, strive for policy dividends, and implement "+1" performance appraisal. Finally, adhere to the key minority orientation, sign the letter of responsibility at different levels, put the indicators on the head of the people, put the responsibility on the position, implement differentiated assessment, differentiated distribution, differentiated adjustment, so as to mobilize the enthusiasm and execution of the work, and achieve "everyone is responsible for everything". Fifth, adhere to the veto of constraint indicators. The constraint veto indicators are the bottom line, the red line, and the high-voltage line. They are dead at the touch, mainly reflected in safety, environmental protection, capital, stability maintenance, epidemic prevention, and integrity.

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