

Eight Steps to a Lean Enterprise – Going beyond Lean Manufacturing and into the Office

Insights

In the past few years, American factories have begun to implement Lean Manufacturing strategies by identifying and eliminating "waste" from their operations. Building upon the "Seven Deadly Wastes" as defined in the Toyota Production Systems, manufacturing Leaders have gone into their plants to search out sources of waste and have often used Kaizen lean manufacturing blitz teams to eliminate them. When done properly, these efforts have produced dramatic, long lasting impact. Now it is critical that we implement a similar business process solution into Service organizations and the administrative offices of manufacturing companies.

Why is this a critical issue? Because customers want better products and services at lower costs, and they want them faster! And in the eyes of the customer, the clock starts ticking when they place an order. We must eliminate waste in the entire business process, from quotation to delivery to receipt of payment for the ordered product or service.

Lean in the Office

Much has been written and presented about identifying and eliminating waste on the manufacturing floor. The concept and deployment is relatively well understood. However, identifying and eliminating waste in administrative and service processes is not so well understood. Perhaps the reason is that we don't see what's going on in the office as easily as we see what's happening in the factory.

In the factory, we process actual parts and materials. We can easily see them flow through a conversion process, changing form as they do so. In the office, we process paperwork and information that is often invisible in a computer system or employee's brain. We can't see it being converted. When we want to identify waste in the office, we need to look at our processes through different eyes than we do in the plant. We need to learn that visioning skill; the following information and eight step process will help us do so.

What is Waste?

In the broadest sense, Kaizen lean manufacturing defines waste as any operation or activity that adds cost to our product or service without adding value in the eyes of our ultimate customer. As we look at our administrative processes, we want to identify and understand wasteful activities in these areas which include:

- * Moving & Sorting Paperwork
- * Filing Paperwork
- * Duplication of Effort
- * Rework Due to Errors
- * Waiting for Approvals
- * Batch Processing
- * Unnecessary Checking of Work
- * Inefficient Work Flow
- * Inadequate Software

As we begin to implement a strategic business process solution to help eliminate waste, whether it is from the Manufacturing floor or from the office, we see many benefits such as:

- * Process cycle time reductions - faster response to customers' needs
- * Elimination of wasted activities
- * Simple, logical, easy-to-learn work processes
- * Reduced processing errors and rework
- * Continuous Improvement driven by team members
- * Reduced costs
- * Increased Return on Assets
- * High morale and high performance teams

How do we begin to Eliminate Waste?

Start by identifying Core Business Processes. There are typically only a few Core Processes such as Order Fulfillment, New Product Design, etc. Then, evaluate how well they are performing relative to your expectations for:

- * Quality measures
- * Cost measures
- * Speed/time measures

High-level Process Flow diagrams of Core Business Processes should be created so that all stakeholders have a common understanding of how the current processes flow and what functional areas of the business are responsible for which activities. Then, define which business process to improve and set a goal and timetable for doing so. For example, "Increase on-time shipments to 95% by end of third quarter."

Lean Improvement Tools

Kaizen Lean Manufacturing Tools used to identify Waste:

- * Value Added Flow Analysis.
- * Process Modeling.
- * Pareto Analysis & Fishbone Diagrams.
- * Theory of Constraints.

Specific Kaizen Lean Techniques to eliminate waste and improve process performance include:

- * "Ideal" Value Stream Map.
- * One Piece Flow Processing.
- * Mistake Proof Process.
- * Cellular Processing.

Most importantly, after looking at the Value Stream Maps and considering all the above solutions, use COMMON SENSE to take actions to eliminate waste in your business process solution effort.

Summary

Continuing success of a Lean Enterprise Strategy throughout an entire organization comes from a break in the traditional thinking, both in manufacturing and administrative management. It puts a premium on:

- * Leadership
- * Empowerment
- * Partnering with Suppliers
- * Continuing Assessment

The challenge for business today is to become a faster supplier of higher quality goods and services at a lower cost than the competition. Developing a Lean Enterprise strategy is an important step toward that goal.