

GETTING LEAN

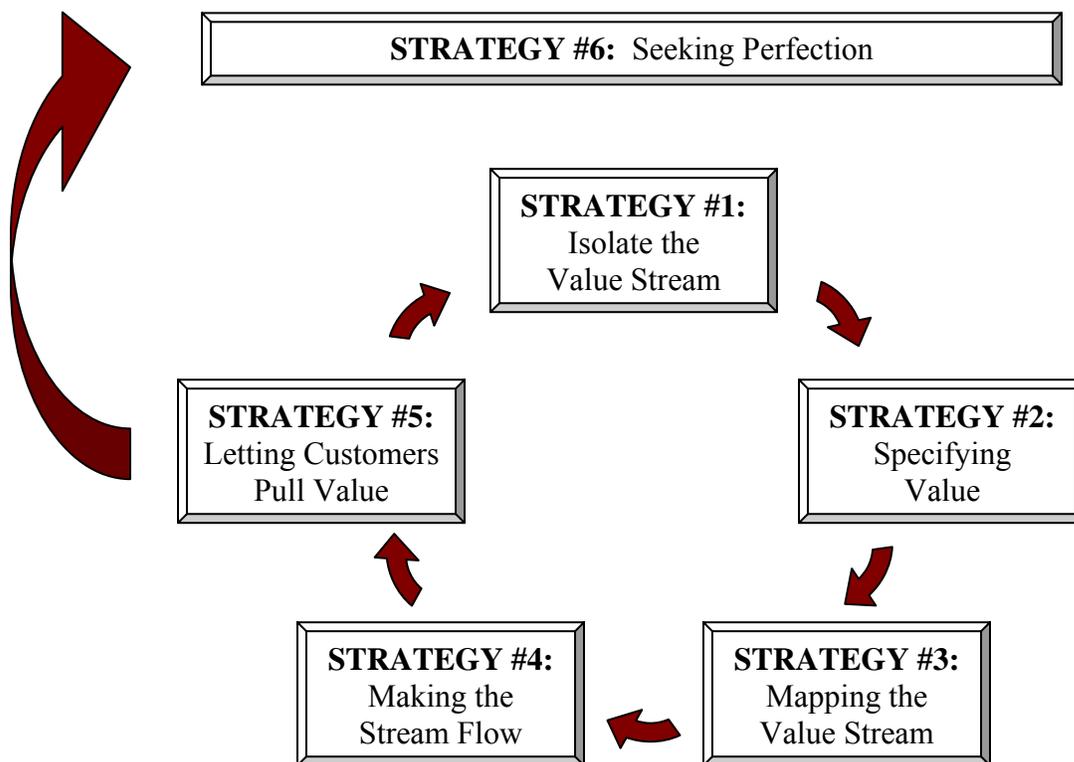
Summary:

Six proven strategies to stay ahead of your competition

By **Tim Renaud**



The graphic below shows the six Lean Strategies and the order in which they are implemented. In the pages that follow, each of these six Strategies are explained to give you a better idea of what Lean is about, and what it involves.



What is Lean? Although many people have heard the term “Lean”, few really understand what it is. Being Lean means that when an Order or Contract or Request comes in from a Customer, it flows freely through your entire company until it reaches your Customer... when they asked for it and how they wanted it, with no stops along the way, in the shortest time at the least cost. Achieving this involves the relentless pursuit and elimination of waste (i.e. costs) within your business operations, always keeping the Customer in clear focus.

When you implement Lean, significant immediate improvements occur in your business performance, such as cutting the time in half to process Orders and boosting productivity by at least 30%. The long range forecast is even brighter, such as doubling of productivity in all areas (operations and administration); reducing throughput times by 75%; reducing errors reaching the Customer by 50%; and reducing time to market for new offerings by 40%. If that wasn't enough, you'll achieve all of the above with little or no capital investment.

Sounds too good to be true? Most people would think so, but search the internet and you'll find plenty of news articles written about Lean organizations and the amazing results they're achieving. These companies have finally tapped into the enormous potential that their employees bring to work everyday, and they did it using six proven Lean strategies... Here they are.

Strategy #1... Isolate the value stream. You cannot achieve continuous flow for all of your products or services, all at the same time. Instead, you start by selecting one product or service (or one family of products or services), which means you need to identify the different value streams currently flowing through your business. This is important because otherwise your Team will lose focus when attempting to move through each of the remaining Lean Strategies.



Another big benefit from identifying all of your value streams is that in many cases bottlenecking occurs as a result of trying to flow all streams through the same process. Simply separating the streams early in the process can produce big performance gains. You can identify the different value streams by analyzing past sales by product/service type or by similar processing steps or by customer type, and then decide which method best reflects the different streams.

Strategy #2... Specifying value. Once you've selected your Value Stream you can begin specifying value. This starts with a dialogue with your Customer to validate what you think their definition of Value really is. Whether it's a product, a service, or a combination of both, most value definitions typically cover three (3) categories, i.e. Customer Requirements (features/specifications); Timing; and Pricing. This information will become the lens that you'll use to judge every step along the Value Stream to first identify waste, and then remove it. Here are some actual Value Definition examples from Customers...

Product Provider: Value Definition - Durable, reliable, safe, meets specs, reasonable cost per unit, acceptable visual appearance, easy to install and delivered on time.

Service Provider: Value Definition - Easy to obtain, complete/accurate, what they wanted (no more/no less), minimal risk, competitively priced, no hidden fees, and available when and as they need it.



Strategy #3... **Mapping the Value Stream.** Value Stream Mapping includes the “Before”, the “After” and the “Plan” to get you there, for the product or service stream that is chosen. The first objective of value stream mapping is to sort the activities into three categories: a) those which actually create value that the Customer is willing to pay for, b) those which create no value but are necessary to complete the previous activities (Type 1 Waste), and c) those actions which create no value and are simply not needed (Type 2 Waste). Once this last category of waste is eliminated, the remaining non-value-creating activities (Type 1 Waste) can be tackled using Flow (Strategy #4), Pull (Strategy #5) and Perfection (Strategy #6).



Start by drawing the current state value stream map so you can understand how things operate now (the “Before”). This provides the information needed to create a “Future State” map. This future state map should be focused on a flexible/reactive system that can quickly adapt to changing Customer needs, that eliminates waste (costs), that creates flow, and that produces only on demand. The main purpose for value-stream mapping is for planning and implementing your Lean Strategies. Therefore the final step is to prepare an implementation plan that will get you to your destination – the Future State you’ve mapped.

Strategy #4... **Making the Stream Flow.** This requires a complete rearrangement of your ideas regarding business operations that are geared towards “functions and departments”, and performing like activities in “batches”. The reality is things work better when your focus is on the product/service and its needs, rather than on the organization or the equipment. Batches always mean long waits as the product or service sits patiently waiting for the department to switch over to the type of activity needed next. The objective of “making it flow” is to line up all of the essential steps needed to get the job done into a steady continuous sequence, with no wasted motions, no interruptions, no batches and no queues.

Start by focusing on the actual product or service itself... and never let it out of your sight, from beginning to end. The next step is to ignore the traditional boundaries of jobs, careers, functions and departments, and then remove everything that will impede continuous flow of that product or service. Next, you need to rethink work practices and techniques to eliminate backflows, errors, and stoppages of all sorts so that the design, order and supply of a specific product or service can proceed non-stop.



A key technique for implementing “Flow” is the concept of Takt Time which precisely synchronizes the rate of supply to the rate of sales to Customers. Takt time sets the pace for the entire Value Stream and must be clearly posted, either on whiteboards or electronic signs. Allowing everyone to see where performance stands at every moment is an example of another critical lean technique called transparency or visual controls. In addition, every piece of equipment and every worker must be completely capable. This means that the team must be cross skilled in every task and that equipment must be 100% available/accurate. It also means that work must be rigorously standardized and that employees and equipment must be taught to monitor their own work through a series of techniques called poka-yoke, or mistake proofing, which makes it impossible for a defective product or service to move forward to the next step.

Strategy #5... Letting Customers Pull Value. After you've isolated the value stream (Strategy #1); specified Value (Strategy #2); mapped out the Value Stream (Strategy #3); made the value-added steps Flow (Strategy #4); you're now ready to let your Customers Pull value from you (Strategy #5)... This involves triggering flow in the Value Stream only when the downstream Customer asks for it. Which means that no person or equipment upstream should produce a good or provide a service unless they feel a "pull" from a downstream activity.



The objective of "pull" is to minimize overproduction and balance the workload for all steps along the value stream. Think about this like a supermarket. First, downstream Customers are allowed to pick up what they need from shelves being replenished from upstream Suppliers. Second, the upstream Suppliers only produce what has just been consumed. This can be translated inside an operation by producing to order as long as special orders continue to arrive, while the rest of the time working to replenish buffers of the fast movers. This levels the workload and attacks unevenness in the value stream.

To introduce "Pull" you have to... look at how each step currently receives instructions on what to do next, i.e. the scheduling system. You should already have captured this information when you mapped your Value Stream. Visual signals (e.g. Kanban cards) are often introduced at the end of the process and all the way upstream. You will find that this technique will replace the need for a computerized scheduling system (that often is wrong anyways). As this system of "pull" is injected upstream, flow problems will quickly surface and allow you to attack those bottlenecks instead of letting them clog up the value stream.

Strategy #6... Seeking Perfection. How is this possible? The answer is that the previous five Lean Strategies work together like a wheel... the faster you get value to Flow the more "hidden waste" gets exposed... the harder you Pull value through the stream, the more roadblocks you are able to push aside. As your cycle of learning speeds up, it allows more dialogue, more frequently, between dedicated Teams and your Customers, so that value can be more accurately specified, more often. Once this Lean wheel gets rolling, you'll compete against your own performance gains. This will be hard to match by your Competitors... and that's the objective of Strategy #6.

There is never a last step to Lean... it's more of a journey than a project... more of a marathon than a sprint... and without a finish line. For Strategy #6, two critical ingredients are: "transparency for all" and "instant positive employee feedback for improvements". Transparency means every person can see everything, meaning more eyes can discover better ways to create more value for your customers. These concepts shouldn't be a surprise, since they deal with your most important asset... your people, which is the only thing that makes you different than your competitor. Once the people in your organization are "engaged", they will be motivated to find new ways to improve the business.



I've now covered all six Strategies in making the Lean Journey. Keep in mind that you start by applying these six Lean Strategies for only one category of product or service, and you do it for all segments of the Value stream i.e. from inbound to final product/service (Operations); from Order to cash in the bank (Administration); and from concept to launch (Engineering or Business Development). Once complete, you would continue your Lean journey into other value streams... and leave your competition in the rear view mirror.

About the Author:



Since 1992 Tim Renaud, P.Eng. has offered training, consulting, auditing, facilitating and workshops to hundreds of organizations who wanted to improve their business performance. Tim is the author of the Three Biggest Mistakes People Make With ISO 9001 (available on his web site) and his main work today is with Improvement Teams, from the Board Room to the Frontlines.

You can contact Tim by visiting his website at www.isosupport.com. There you can subscribe to his free bi-weekly Newsletter, R&R: Reducing Risk/Removing Waste, which he's been publishing since 1999, and get other free articles and reports.

Already Lean? If you've already started on your Lean Journey then you should conduct a Lean Audit every year so you can identify the wastes (costs) still in your value streams waiting to be removed, and avoid the pitfalls that other companies have made of not getting past Step 1.

Not sure if Lean applies to you? If you want to find out if Lean would help your company, there are plenty of textbooks, articles and case studies on the subject that will get you up to speed. If you want to know for sure, then conduct a Lean Assessment and find out how much waste you now have and how much it's costing your business.

Want more Lean information? More articles on Lean are available, simply go to Tim's website and send him an email explaining what you're interested in learning more about.