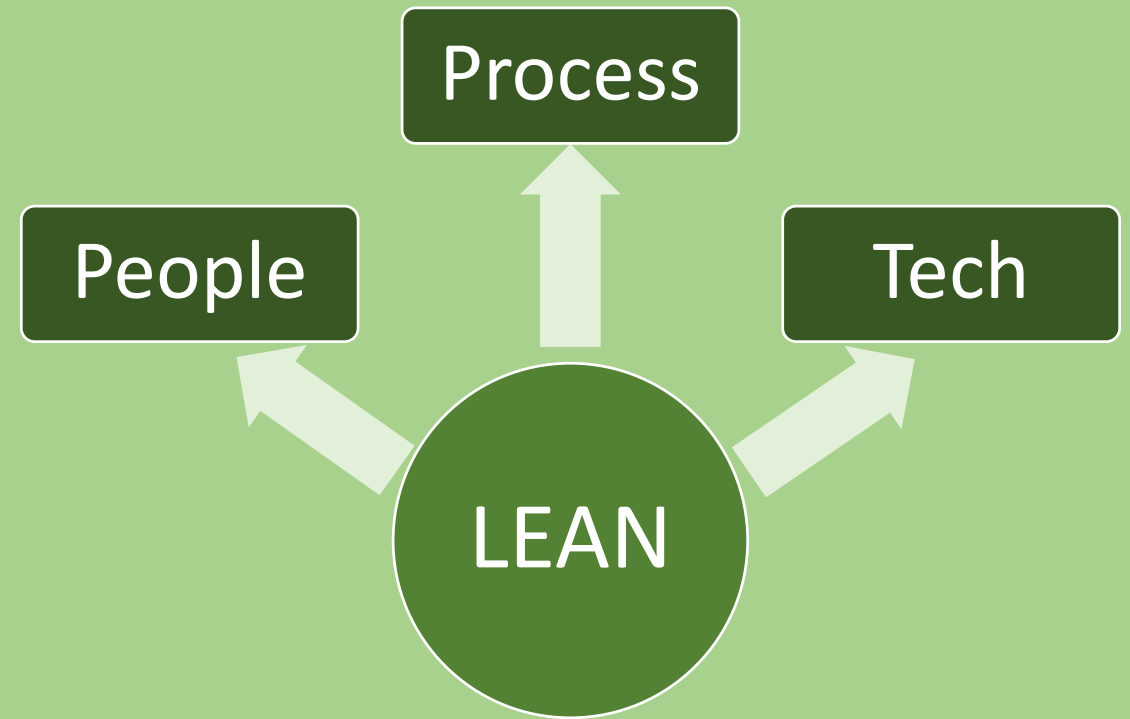# Lean
Saves
Money

Tracy Owens

OUTLINE

- Introduction to Lean
- **People** Using Lean
- Lean for **Process**
- Lean in **Technology**
- Execution
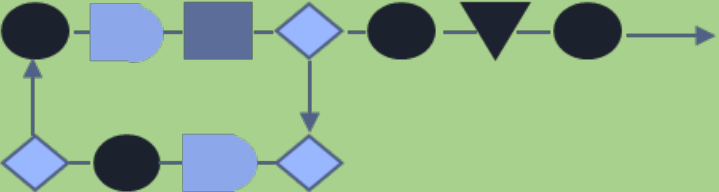
BRIEF INTRODUCTION to LEAN

PRINCIPLES of LEAN

- Focus on **VALUE**
- Define the **VALUE STREAM**
- Optimize **FLOW** of work
- Let customers **PULL** the work
- Pursue **PERFECTION**
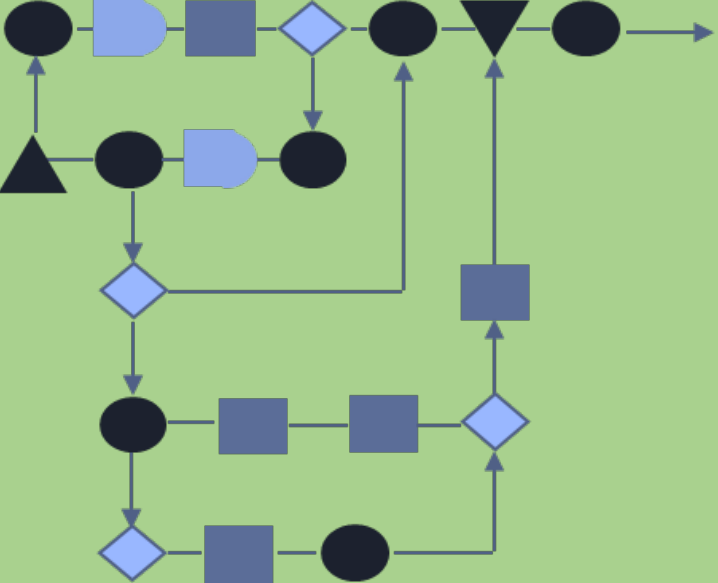
LEAN TECHNIQUES

- Voice of the Customer
- Value Stream Mapping
- Waste Analysis / 5S / 5Why?
- Kanban and Kaizen
- Plan-Do-Study-Act

PROCESS MAPPING

How you *think* it is...

How it *really* is...
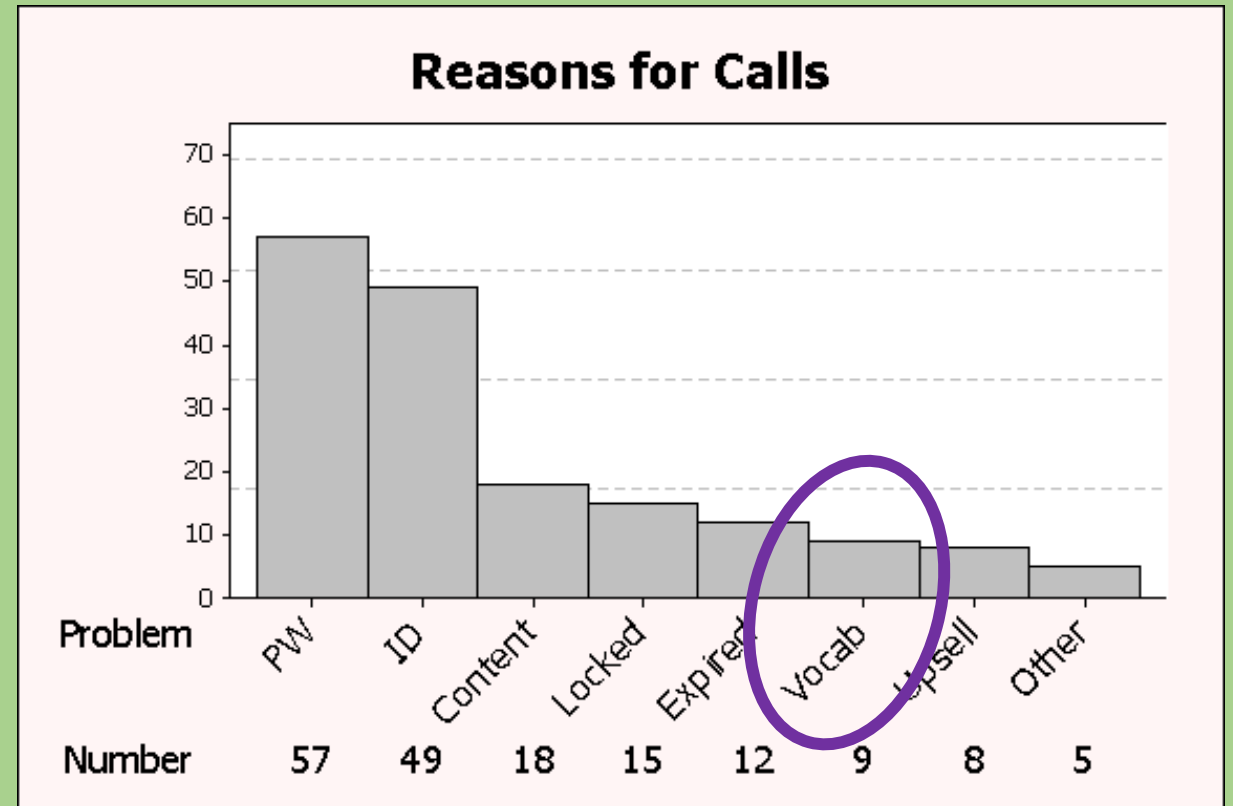
How you *would like* it to be...

SAVING MONEY with LEAN - MLO

1. Operator Motion – when operators have to search multiple places, time is wasted

2. Transporting Materials and Information – when you have to push, time is wasted

3. Finished Inventory (overproduction) – when it goes to waste*, costs are not recovered   *not just products, services also go unused

4. Work in Process – when you've bought more than you can use, costs are not recovered

5. Excess Processing – gold-plating a silver order costs money

6. Defects – they are scrapped, or someone must fix them

7. Waiting – when value is not being added, time is being wasted

THE PARETO CHART

- List of the Problems You Face
- Sorted in Order of Frequency*
- Look for Targets in the Tallest Bars
- Lower Bars Can Be Good Targets

- Then Find Ways to:
  - *Resolve them More Quickly*
  - *Prevent them in the First Place*

Reasons for Calls

Problem	PW	ID	Content	Locked	Expired	Vocab	Upsell	Other
Number	57	49	18	15	12	9	8	5

*Can also be sorted by Severity

FOCUS AREAS for TODAY

First-Time Quality – minimize rework

Role Clarity – eliminate gaps and overlaps

Empowerment – create a thriving environment

Maximizing Value – focus only on what is most important

LEAN : PEOPLE

- ## Moments of Truth:
  Every interaction with your Customer - *Who?*
  A chance to improve or damage that relationship
  Obvious: public meeting, counter service, phone conversation
  Less obvious: using your website, receiving an incorrect bill, reading comments

- ## First-Time Quality
  If one person allows a mistake to move through the process
  how many other people will be affected?

RACI: to prevent duplication and gaps

RESPONSIBLE – Those who will execute the task

ACCOUNTABLE – Single person who owns the task's completion *[there can be only 1]*

CONSULTED – Who is asked for input prior to executing the task

INFORMED – Who is notified of the task's completion afterward

TASK	R	A	C	I
Conduct Needs Assessment	Dave, Ann	Reggie	Directors	Tina
Build Curriculum Outline	Tina	Reggie	Sups	Alex, Vijay
Assign Instructors and Rooms	Alex, Vijay	Tina	Facility Mgrs	Instruc-tors
Schedule Classes in LMS	Dave	Tina		Reggie
Publish Classes to Staff	Tina	Reggie		Sups

PEOPLE MANAGEMENT

1
- Attract new talent
- Recruit new hires

2
- Review qualifications
- Conduct interviews

3
- Prepare for 1st day
- Welcome new staff

Too often onboarding new hires is an afterthought, leaving the new team member feeling unwelcome and her/his perception of the new organization as disorganized.

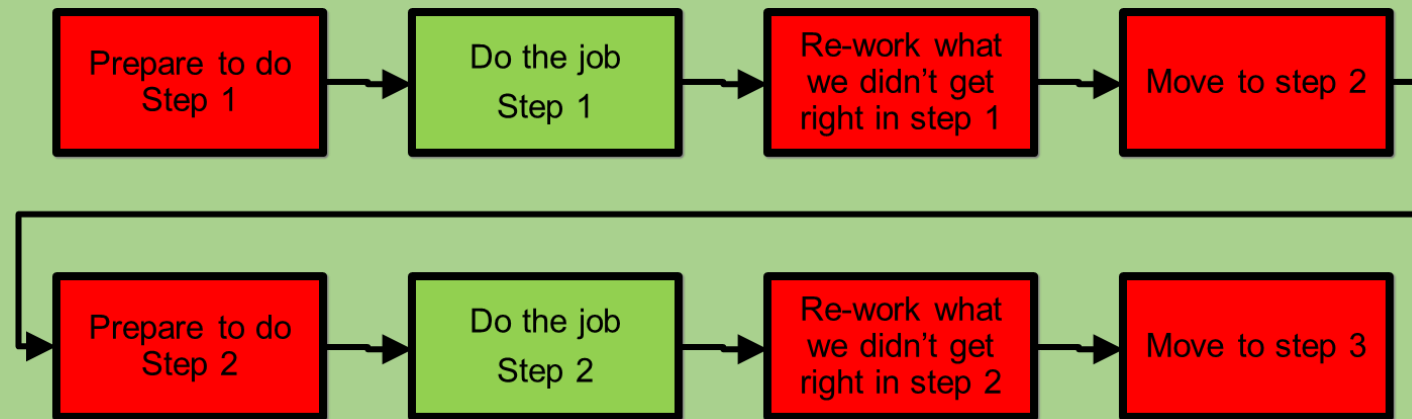Retention of employees saves money over continuous recruiting.

Building a consistent and smooth process creates a positive first impression.

LEAN : PROCESS

Eliminate Non-Value-Adding Activities

Accelerate Speed to Revenue

Errorproof the Work so that Rework and Scrap are Avoided

Non-Value-Adding Work

"VALUE" is the thing your customer wants

"VALUE-ADDING" is any work you do that either **PRODUCES** or **DELIVERS** the **VALUE**

**"NON-VALUE-ADDING"** is everything else!

For regulatory requirements and other non-negotiables, do only as much as required

REWORK

When work is not done correctly the first time:

1) It must be fixed by somebody

2) We annoy the customer by having to make the correction

3) We cannot work on something else

Build the Box

Is the Box Built Correctly?
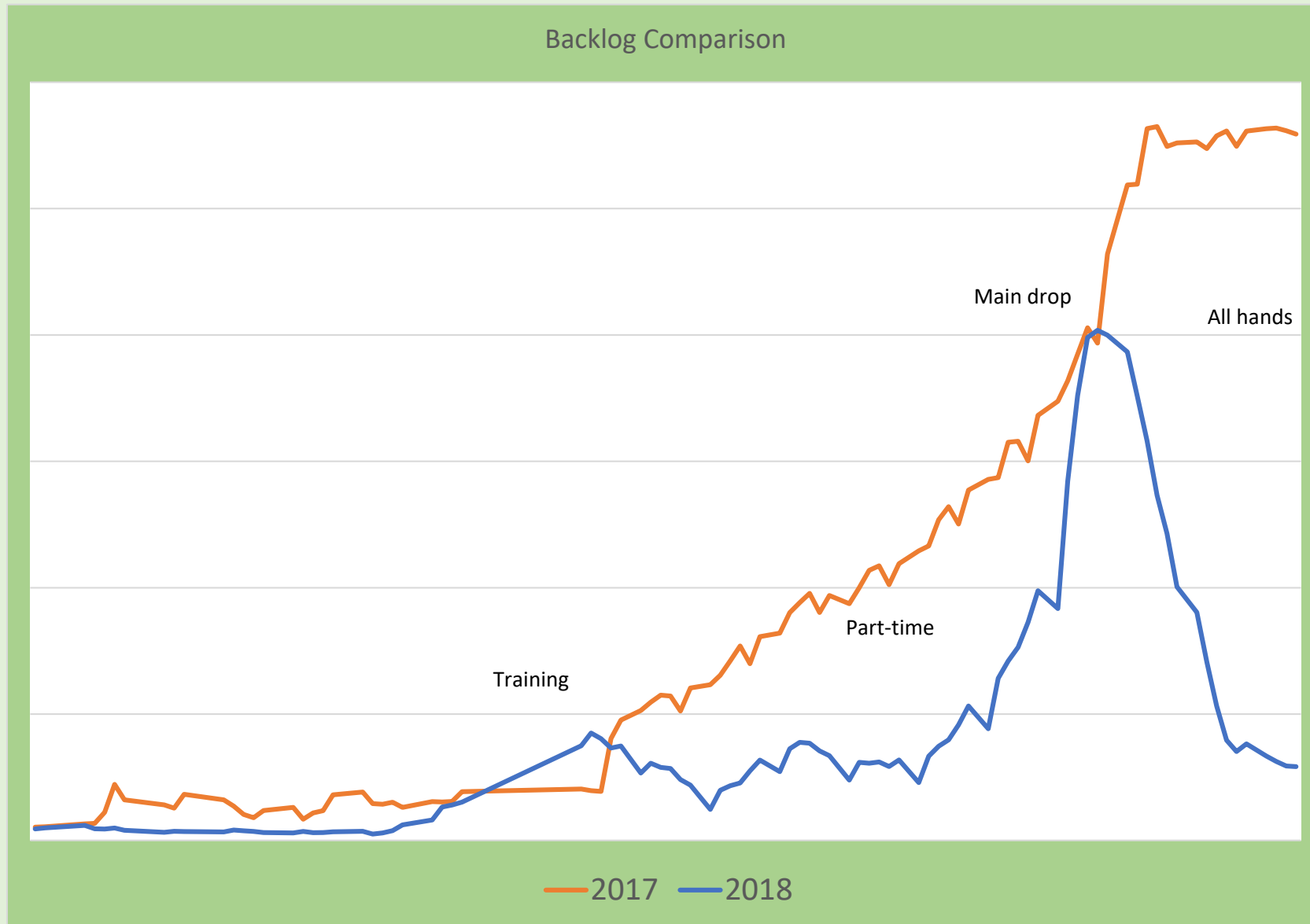
NO

Rebuild the Box

YES

Deliver the Box!
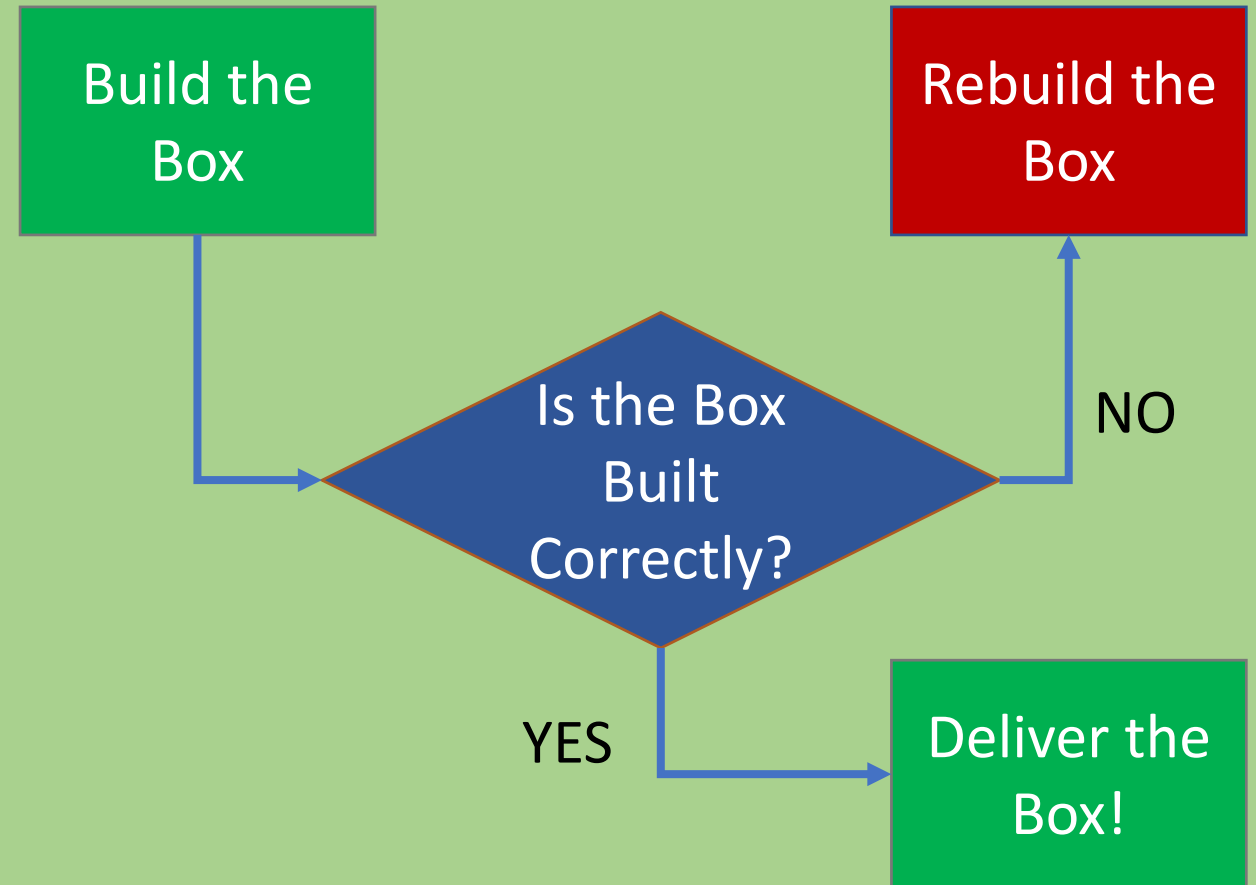
KAIZEN: make lasting improvements

1. Gather the right people
2. Evaluate the current state
3. Identify red flags and waste

4. Sketch a new process
5. Test it and refine it
6. Implement it today
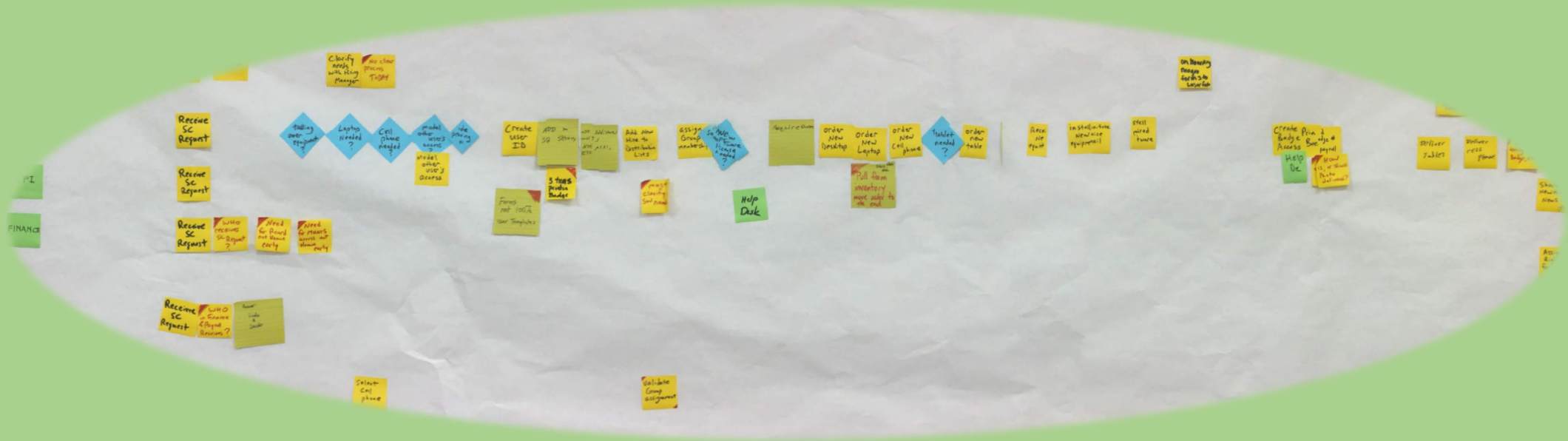
SUCCESS STORY in LEAN PROCESS

Backlog Comparison

Training

Part-time

Main drop

All hands

2017 2018

ERRORPROOFING the PROCESS

1. <u>Elimination</u>: Prevent possibility of errors

   *Eliminate steps, remove unnecessary work, **Remove Fields on a Form***

2. <u>Replacement</u>: Substitute more robust process for error-prone actions

   *Automation, **Standard Software** so everyone works on the current version*

3. <u>Facilitation</u>: Make it easy to avoid errors the first time

   *Visual controls, drop-down menus, **Color-Coded Folders***

4. <u>Detection</u>: Make it easy to identify errors that do occur

   *Real-time spell checkers, frequent metrics, **Sum Reconciliation***

5. <u>Mitigation</u>: Reduce the impact of any errors

   *Fuses, redundant servers, **No Hassle Returns Policy***

LEAN : TECHNOLOGY

- Implementing new technology
- Use technology to save time and effort
- First-time quality can be improved through technology
- 5S

5S: a first step toward Lean Thinking

整理 *Seiri* **SORTED:** keep what you need close to you

整頓 *Seiton* **SET in ORDER:** everything in its place

清掃 *Seiso* **SERVICEABLE:** ready for use every time

清潔 *Seiketsu* **STANDARDIZED:** practice all day, every day

躾 *Shitsuke* **SUSTAINED:** part of the fabric of our org

5S Saves Time and Effort by Staying Organized and Disciplined

BACK to PEOPLE

Black Belts:

...are curious problem solvers   ...prove their hypotheses

...use statistics and math   ...use facilitation (soft) skills

...challenge the status quo   ...tactfully!

Empower the team to uncover new problems, develop new ideas, and test new solutions

INTERVENTION

Execute
   a) Problem is **identified**
   b) Solution is **known**
   c) It is **within our control**
   d) It is **certain** to be positive

Pilot Test
   a) Problem is identified
   b) Solution is known
   c) It is within our control
   d) **Uncertain** about the outcome

Start a Project
   a) Problem is identified
   b) Solution is **unknown**

Study Further
   a) Problem is **not well defined**

Negotiate
   a) Problem is identified
   b) Solution is known
   c) It is **not within our control**

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