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# LEAN THOUGHTS

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## ***Lean—It's Not Just For the Shop Floor Anymore: A lean office eliminates waste and saves time and money***

Higher customer expectations, cost-cutting pressures, slimmer margins and reduced lead times are challenges most manufacturers continue to face. Lean Enterprise, a business operating philosophy in which customer value drives manufacturing processes, has provided a solution for many companies by eliminating non-value-added activities helping to reduce lead times, increase productivity and improve quality and throughput.

Lean is not a new concept in the manufacturing industry. For more than 25 years, Lean has been successfully implemented on the shop floor to eliminate waste and increase revenue. It is only recently that companies are using Lean Office as a key productivity factor to streamline and eliminate waste from their office and administrative processes and achieve bottom-line savings.

***Consider that 60 to 80 percent of all cost related with meeting a customer demand is an administrative or non-production-related function.*** Therefore, to be "Lean," the concepts must be understood, implemented and sustained throughout the entire company.

### **Benefits of Lean Office**

Office Lean can impact administrative processes at all levels of an organization:

1. **Enterprise Level:** Streamlines and accelerates those processes that touch external customers and suppliers such as order entry, customer service, accounts payable/receivable processing, marketing /sales, R&D, product development and distribution.
2. **Organizational Level:** Streamlines key support processes (e.g. Information Technology, Human Resources, Engineering, Purchasing), identifies internal customer requirements and value, improves communication and cross-functional cooperation.
3. **Departmental Level:** Focuses on objectives, reduces activities that add time but little value, measures progress to Takt Time, creates Flow to reduce hand-off breakdowns, implements Pull and Kanban systems and uses Visual Management to identify issues.
4. **Individual Level:** Reduces paperwork, manual entries and errors using Standard Work Procedures, improves organization using 5S, and clarifies individual roles, responsibilities and objectives.

But if applying the same tools and techniques used on the shop floor was so straightforward, why haven't more manufacturers become "Office Lean?" Common reasons include:

- Lack of Clearly Defined "Product Flows"
- Limited Data Collection
- Lack of Understanding Between "Waste" and Non-Value-Added Activities in Office Environments

It is common for Lean projects to begin with Value Stream mapping and analysis to optimize one product flow (i.e. Value Stream) at a time. Oftentimes, this is a challenge in an office environment where there are many small, intersecting value streams rather than a clear "product flow."

In addition, these value streams may not be visible (e.g. occurring electronically), or may occur less frequently. Nevertheless, the multiple flows of customer demand and need across each desk, service person and computer must be identified and sorted out in order to obtain an accurate picture of the process.

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Where "Lean Thoughts" Become Reality

Most organizations collect limited, if any, data on administrative processes. Just as with Lean on the shop floor, Office Lean places great emphasis on data-driven decision making. Typical data for the plant level include cycle time and changeover time. For support and administrative operations, determining what data to include depends on what questions you are trying to answer about your value stream and how you define the "product" produced by these operations.

For example, if your objective is to reduce days in receivable, it would be helpful to define "invoices" as the product and identify the total number of invoices issued, cycle time and queue time for processing and collection, and total cycle time. From this information, you can determine where bottlenecks most likely occur and eliminate areas of waste in your "future state" process.

For Lean to be successful, all activities within a value stream must fall into one of three categories:

- **Value-added**--adding value or worth to the product or service
- **Non-value-added**--work that may not directly add worth to a product or service, but is currently required for business or regulatory reasons
- **Waste--non-value** creating work that can be eliminated immediately

Sometimes it is simple to determine whether an action is value-added in the plant environment. But, for most support and administrative activities, everything seems non value-added. Thus the challenge becomes determining the difference between the non-value-added work and waste.

Just as in Lean Manufacturing, waste can be categorized into nine areas (often called the nine deadly wastes).

1. **Waste of Overproduction**—producing too much or producing it before it is needed.
2. **Waste of Transportation**—movement of materials, products or information that does not add value.
3. **Waste of Waiting**—inactive or lost time created when material, information, people or equipment is not ready.
4. **Waste of Motion**—any motion that is not necessary to successfully complete an operation or task.
5. **Waste of Over Processing**—efforts that create no value from the customer's viewpoint.

6. **Waste of Inventory**—more information, project, material on hand than the customer needs right now.

7. **Waste of Defects**—work that contains errors, rework, and mistakes or lacks something necessary.

8. **Not Utilizing Human Resources** - not soliciting ideas or following up on opportunities.

9. **Unactionable Information Systems** - Information systems that does not immediately create new or modified behaviour within the enterprise.

Lean is a proven, company wide, systematic approach to eliminate/minimize waste resulting in the production of goods and services at the lowest possible cost. It is not merely a manufacturing program confined to the shop floor. Lean is every system, every process, and every employee within the company and should extend to include the entire supply chain and its customers as well. It is then that you will truly become a Lean Enterprise!

Source: Karen Juroff, *Diesel & Gas Turbine Publications*

### Cultural Attributes of a Successful Innovative Company

1. **Honesty**—The degree to which each employee has total confidence in the integrity, ability, good character of others, and the organization, regardless of role.
2. **Alignment**—The degree to which the interests and actions of each employee support the clearly stated and communicated key goals of the organization.
3. **Risk**—The degree to which the organization, employees, and managers take risks.
4. **Teams**—The degree to which team performance is emphasized over individual performance.
5. **Empowerment**—The degree to which each employee feels empowered by managers and the organization.
6. **Freedom**—The degree to which self-initiated and unofficial activities are tolerated and approved throughout the organization.
7. **Support**—The degree to which new ideas are welcomed from all sources and responded to promptly and appropriately.
8. **Engagement**—The degree to which all levels of the organization is engaged with the customer and the operations of the organization.
9. **Stimuli**—The degree to which it is understood that unrelated knowledge can impact product, service, and operations improvements.
10. **Communication**—The degree to which there is both planned and random interaction between functions and divisions at all levels of the organization.



Tour Workshop Conference  
 Consortium Event Schedule



January	February	March	April	May	June
<p><b>T</b></p> <p>Wednesday 25  <a href="#">Eaton Electrical</a>,                      contact Joe Fisher,  <a href="mailto:JoeRFisher@eaton.com">JoeRFisher@eaton.com</a></p>	<p><b>T</b></p> <p>Wednesday 15,  <a href="#">CFN Precision</a>,                      contact Barry Wood,  <a href="mailto:bwood@cfn-inc.com">bwood@cfn-inc.com</a></p> <p><b>W</b></p> <p>Date &amp; location TBA                      Your own                      "STEP Diagnostic" to create Vision, Mission and Direction                      Contact Richard Kunst  <a href="mailto:Richard.kunst@la-z-boy.com">Richard.kunst@la-z-boy.com</a></p>	<p><b>T</b></p> <p>Wednesday 22,  <a href="#">Nestle Waters</a>,                      contact Mariela Castano  <a href="mailto:mcastano@perriergroup.com">mcastano@perriergroup.com</a></p>	<p><b>T</b></p> <p>Wednesday 19,  <a href="#">CTS Corp.</a>,                      contact Bob Garces,  <a href="mailto:Bob.Garces@ac.ctscorp.com">Bob.Garces@ac.ctscorp.com</a></p> <p><b>Consortium Shareshowcase</b>                      Saturday 29  <a href="#">Kraft Oakville</a>.                      Contact Cindy Grolleman  <a href="mailto:cindy.grolleman@stackpole.com">cindy.grolleman@stackpole.com</a></p>	<p><b>T</b></p> <p>Wednesday 17,  <a href="#">Stackpole CSD</a>,                      contact Don Barber  <a href="mailto:Don.Barber@stackpole.ca">Don.Barber@stackpole.ca</a></p> <p><b>W</b></p> <p>Date &amp; location TBA                      "Compartmentalize the Noise"                      * Daily Report-outs                      * Standard work for Leaders                      Contact Richard Kunst  <a href="mailto:Richard.kunst@la-z-boy.com">Richard.kunst@la-z-boy.com</a></p>	<p><b>T</b></p> <p>Wednesday 21,  <a href="#">Morrison LaMothe</a>,                      contact Tony Vita  <a href="mailto:tvita@morrisonlamthe.com">tvita@morrisonlamthe.com</a></p> <p><b>C</b></p> <p><b>AME Regional Conference</b>                      Mon 12 to Thurs 15                      K-W Ontario                      Contact <a href="http://www.ame.org">www.ame.org</a></p>
July	August	September	October	November	December
	<p><b>W</b></p> <p>Date &amp; location TBA                      "Establish Anchors"                      * VSWI ... Visual Work Instructions                      * TPM ... Total Productive Maintenance                      Contact Richard Kunst  <a href="mailto:Richard.kunst@la-z-boy.com">Richard.kunst@la-z-boy.com</a></p>	<p><b>T</b></p> <p>Wednesday 20,  <a href="#">Kraft Foods</a>,                      contact Hanif Jivraj  <a href="mailto:hjivraj@Kraft.com">hjivraj@Kraft.com</a></p>	<p><b>T</b></p> <p>Wednesday 11,  <a href="#">Stackpole PMC</a>,                      contact Cindy Grolleman  <a href="mailto:cindy.grolleman@stackpole.com">cindy.grolleman@stackpole.com</a></p> <p><b>C</b></p> <p><b>AME National Conference</b>                      Mon 16 to Friday 20                      Dallas, Texas                      Contact <a href="http://www.ame.org">www.ame.org</a></p>	<p><b>T</b></p> <p>Wednesday 15,  <a href="#">Messier-Dowty</a>,                      contact Mike Smith  <a href="mailto:Mike.Smith@Messier-dowty.on.ca">Mike.Smith@Messier-dowty.on.ca</a></p> <p><b>W</b></p> <p>Date &amp; location TBA                      Your own                      "Get Organized"                      * 5S+1                      Contact Richard Kunst  <a href="mailto:Richard.kunst@la-z-boy.com">Richard.kunst@la-z-boy.com</a></p>	