

Lean Value Stream

Have you truly defined your value stream?

Marketing creates a need ... Sales sells the solution to fill the need ... Operations fulfills the requirements and Finance will tell us if we made a profit. All businesses follow the same model but the question is where is Lean applied most?

Typically, Operations are the first to apply Lean because that is where "Waste" is typically the most visible. High piles of inventory, wrong inventory, or lack of inventory become easy targets of improvement followed closely by targeting labor ... all in pursuit of the perfect process.

But is this the good place to start your Lean journey?

Probably ... it is usually the most visible and seems that it could have the largest impact. But the fact is you can apply Lean through your entire Value Stream from Supplier Community to Customers.

First let us look at the typical Product/Program Realization methodology;

- 1) **Commercial Viability** = does it complement our Vision, Mission and Capability
- 2) **Product Definition** = define the product/program to satisfy the customer requirements
- 3) **Process Definition** = how are we going to make or service the product/program
- 4) **Validation** = let us test our hypothesis to insure we can meet rate and profit projections
- 5) **CI & Feedback** = Reflections to improve the process/product

Typically, during the Process Definition phase we coach our clients to use value Stream Mapping to determine the PLT, where and how much inventory will be stored within the Value Stream. But this is also an excellent opportunity to engage the Sales Organization.

Fundamentally Sales does have the task to sell solutions, but they have a much larger task ... Removing Buyer Stress!! Purchasing departments have been impacted by the economic situations ... they are looking for more value for their purchasing dollar, reduced lead-times and stress free relationships with their suppliers. Don't forget they are also probably significantly under staffed so if you create stress to the buyer you will probably be tolerated for a very short period before being terminated.

So how do we reduce Buyer Stress ??

Your customer like your Operations group are busy reacting to fluctuating customer demand doing their best to satisfy customer requirements which at times appear to be unrealistic. One of the reasons that KanBan tends to work better than an ERP system is that Kanban reacts more quickly and is synchronized to customer demand.

Here is a great opportunity to showcase your Lean achievements. Begin by educating your Sales Team on the various attributes of your Lean Tool-Box. Then add the tools as part of your selling strategy.

Customer KanBan is a great solution for both the customer and you. It may not be suitable for all of the products or services you provide But it may provide calm to a significant portion. Offer to place some of the products on Kan Ban which you will monitor from a remote location.

Where Lean Thoughts can become Reality

"Unless you try to do something beyond what you have already mastered, you will never grow."

Ronald. E. Osborn

Lean Value Stream

Your Customer Kanban can be applied with a flair of innovation. In one case we used a web-camera that viewed the inventory location of our customer. As we constantly monitored the levels we were able to get a jump on production even before the purchase order arrived at our facility. In many cases our customer decided to work some additional shifts and we were able to react quickly to the change in demand. Sounds simple ... but it is effective and brings our customer closer to our operation.

It also helped us in other manners, if we had an unusual demand appear from another customer we were able to increase our inventory to support customer "A" while freeing resources and capacity to satisfy our unusual demand.

Another great set of tools to provide your customer is the combined effect of TPM and Visual Work Instructions particularly if you provide a substantial piece of capital equipment. Just like you, your customer does not want any unexpected equipment malfunctions. By providing a simple but effective TPM checklist supported with Visual Work Instructions will enable your customer to early detect potential problems. Hence, they can take some pre-emptive action without putting in a panic order for replacement parts which typically will disrupt your best production plan.

Lean Practitioners talk about the "Voice of the Customer" but by blurring some of your internal Lean Tools you can engage and quantify your customer's voice. Plus, in many situations you probably will have more sophistication and knowledge than your customer.

Meanwhile, back in the office you need to break the cadence. The cadence with administrative operations is well hidden since we pass information from computer to computer or system to system. Typically office personnel work to completing tasks on a daily basis. If you establish virtual gates during the day chances are the information flow will increase proportionally. So instead of an 8 hour cadence (typical) work towards a 4 hour or 2 hour cadence and watch your velocity increase on a regular basis.

Logistics is the muscle that binds all of the stakeholders together but does not often get the marquee status it deserves. Recently Wal-Mart announced that it was taking control of the logistics to retrieve products from their suppliers ... I am shocked that it took them this long to see the advantage of managing their inbound logistics.

Lean is all about opening capacity but more important it is about increasing product flow velocity. Once you have designed and established the cadence of your material flow, only then do the application of Lean tools truly begin to make sense. This can range from your Milk Run strategy, Remote Distribution centers, standard work, Kanban, 5S the list goes on.

Quite simply look at your material conveyance methodologies both internal and external to see if they resemble a "Cab Service" or a "Bus Route" ... if it resembles more of a Cab Service you have a significant opportunity to harvest. Work hard and diligently to migrate to a Bus Route methodology.

These are meant to be simple thought starters to improve and enhance your operation. They are not meant to be independent initiatives such as; Lean Office, Lean sales, Lean Operations, Lean Logistics but rather a holistic approach towards Enterprise Excellence.

Lean Thoughts