

Extending Lean Thinking to Office & Services

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Extending Lean Thinking to Office & Services

- Topics to be covered
 - Is Office & Service “different”?
 - Organizing by Value Stream
 - Standard Work
 - Visual Management
 - Creating Flow
 - Creating Level Pull
- Q & A



Extending Lean Thinking to Office & Services

- Is Office & Service “different”?
 - Classic arguments
 - “Nothing is the same”
 - “Demand is unpredictable”
 - “Work is less tangible”
 - “There are many interruptions”

A highly variable work environment -
much of which is “self created”



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- Is Office & Service “different”?
 - The highly variable nature is created by:
 - A lack of standard work
 - Insufficient planning & coordination of activities
 - Batch processing
 - Excessive hand-offs
 - Little application of visual management
 - Others??



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- Organizing by Value Stream
 - Traditional Organizational Structure
 - Functional or Department
 - Little relationship to information processes
 - Can impede flow, multiple hand-offs
 - Can result in “parochialism”, give rise to conflicts of priorities



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- Organizing by Value Stream
 - Consider an organizational structure based on Value Streams
 - “Order to Cash”
 - “Requisition to Pay”
 - “Product and Process Development”
 - Etc.



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- Organizing by Value Stream
 - Three alternatives
 - Cross-functional or intra-departmental, co-located teams based on value stream
 - Defining roles based on value stream within a department
 - Organizing activities for individuals who are supporting multiple value streams



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- Creating Standard Work
 - Purposes of Standard Work
 - Reduce variability in output and performance
 - To be used in conjunction with and not in place of training (SOPs versus SWI)
 - Increase flexibility
 - To identify non-standard conditions



Extending Lean Thinking to Office & Services

- Creating Standard Work
 - Purposes of Standard Work
 - To identify non-standard conditions
 - Failure to perform an activity
 - Failure to perform an activity at a required point in time
 - Taking longer to perform an activity than it should
 - Performing an activity in a way that will have a negative impact on some downstream process



Extending Lean Thinking to Office & Services

- Creating Standard Work
 - Elements of Standard Work
 - What – “groupings” of specific steps
 - Key Points – the “How” and “Why”
 - Quality, Efficiency, Safety
 - Time and Timing
 - Visually Display Standard Work



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Standard Work - Direct Container Order Process			
Department: Order Entry Category		Last Revision Date: 4/23/08	
Common Key Points: Process flows are provided as a guide and represent an average order of 13 items items.		General Quality Standards:	
TASK INFORMATION			
No.	Description of Task	Time - Current	Key Points
GRAPHICS OR REFERENCE PICTURES			
1	Enter to Direct Container database (Teresa)	3-10m	
1a	Receive all direct container orders, and enter into the Direct Container database		Q, E Use Customer database for account #s
1b	Enter modification to Traffic		
1c	Print and put order		
1d	Forward order to Maritime (Ely)		V One order per folder, colored by day
2	Enter to Maritime (Liz)	4-10m	
2a	Enter into Maritime in pending state to receive stock		Q, E Use customer freight forwarder information
2b	Check stock status		
2c	Forward to Cube IQ		V Wrap in original folder
3	Process in Cube IQ (Dennis)	10m	
3a	Put Cube IQ for load status		Q To make needed tasks correctly
3b	Print order		Q Issues are to be communicated to Rep. and/or Customer. Reps to #2 to change in Maritime
3c	Forward to EOB		V Wrap in original folder Red = Pending Problem
4	Exit Order (Avis)	3m	
4a	Exit order		Q Ensures order accuracy
4b	Take to Document Imaging		E Take as a batch daily batch for processing
4c	Forward to Consolidate Load Plan OR Consolidate Load		V Wrap in original folder
5	Consolidate Load Plan (Teresa)	4m	
5a	Consolidate Load Plan, verify against Cube IQ load		Q Ensures Load Plan accuracy
5b	Order acknowledgment # & Load C into Direct Container database		
5c	Enter Load plan to Vendor		Q Vendor needs load plan to ship order correctly
6	Transfer Consolidated Load (Liz)	20-40m	
	Wait for 1 day to 2 weeks		To Build Complete Container for Transfer

Reasonable Expectation (RE) = 25 minutes per average order, not including consolidating

SYMBOL KEY:

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- Creating Standard Work
 - Benefits
 - Reduced learning curves by up to 75%
 - Productivity or efficiency improvements of 10% – 25%
 - Improved customer service & satisfaction
 - And yes, it applies to “creative” processes

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- Establishing Visual Management
 - People retain
 - 10% of what we read
 - 20% of what we hear
 - 40% of what we see
 - 50% of what we hear and see

Which method do you want to rely on?



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- Establishing Visual Management
 - The answers to the following questions should be visibly apparent in every work environment
 - What is the purpose or function of the area?
 - What activities are performed in the area?
 - How do people know what to do?
 - How do they know how to do it?
 - How do they know how they are doing?
 - What is done if expectations are not being met?



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Extending Lean Thinking to Office & Services

- Establishing Visual Management
 - Benefits
 - Improved likelihood of sustaining standard work
 - A greater sense of belonging
 - Increased accountability
 - Greater pride
 - Less frustration & stress
 - Increased confidence within "guests" to the organization (customers, suppliers)

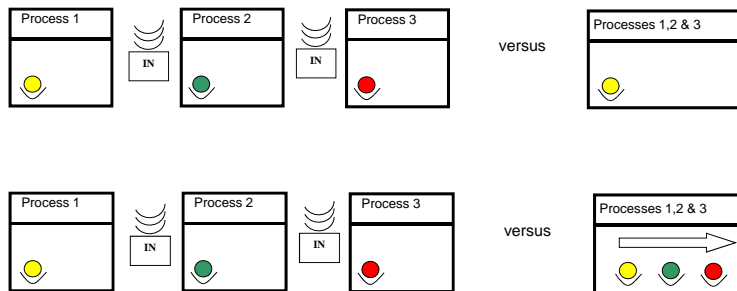
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- Creating Flow
 - Three possible approaches
 - Combining activities
 - Continuous flow processing with multiple roles
 - Concurrent processing

Can also use a combination of approaches



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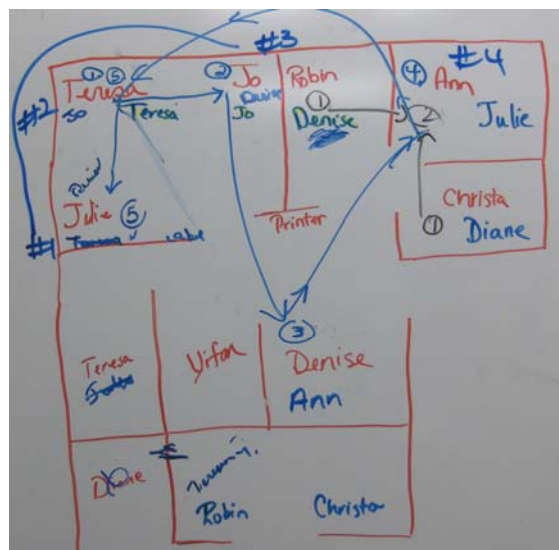


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- Creating Flow
 - Six steps to design flow systems
 1. Identify the activities that are involved
 2. Determine the demand rate for each activity
 3. Determine the resource requirements
 4. Identify roles & responsibilities, including standard work for each
 5. Determine training & cross training needs
 6. Develop visual management techniques to manage the system over time



Office Flow Example - Before



Office Flow Example - After



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- Creating Flow
 - Benefits
 - Lead Time reductions of 50% to 90%
 - Process Time reductions of 20%-40%
 - Quality improvements of 25%-75%
 - Increased employee satisfaction

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- Creating Level Pull
 - Forms of Pull Systems
 - Supermarkets
 - Sequential
 - Greater application to office & service
 - Desired sequence can be “due date”, first-in-first-out (FIFO)



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- Creating Level Pull
 - Elements of every Pull System
 - Visibility of a queue of work
 - Limits defined for a queue
 - Defined rules for the queue when the limits are met
 - Use of visual signals that are worker managed



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When volume exceeds capacity based upon color folder system, flag is changed to Red – triggering pre-established personnel to come support this process



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- Creating Level Pull
 - Benefits
 - Greater predictability in lead time
 - Controlled work-in-process
 - Simplifies day-to-day, hour-to-hour management
 - Improved resource utilization through increased flexibility
 - More satisfying work environment



Extending Lean Thinking to Office & Services

- What “Lean Office” or “Lean Service” is not
 - Simply “5S-ing” areas
 - Putting in supermarket pull systems for office supplies
 - Micro-managing
 - Automating every activity
 - Others??



Extending Lean Thinking to Office & Services

- What “Lean Office” & “Lean Service” is
 - Fundamentally changing the way work is performed, and how it flows
 - Changing roles & responsibilities
 - Reducing hand-offs
 - Reducing batch processing
 - Assessing (continually) demand versus capacity
 - Using standard work & visual management to sustain the system (& performance)



Extending Lean Thinking to Office & Services

- Do's and Don'ts
 - Don't believe that "you are different"
 - Don't believe that it cannot be done
 - Don't shoot for the "ideal" – it is about improvement not perfection
 - Don't wait!

"Impossible is not a fact, just an opinion"



Extending Lean Thinking to Office & Services

- Do's and Don'ts
 - Do experiment - you will learn more by doing
 - Do be flexible - there are several "correct" answers
 - Do involve people - they will help you get there faster
 - Do measure impact - can reinforce the new behaviors

"We now know a thousand ways not to build a light bulb"

- Thomas Edison



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*“You do not have to do this.
Survival is not compulsory”*
- **W. Edwards Deming**



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Q & A ???

