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UK/US SHINGO SUMMIT

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# *Extending Lean Thinking to Office and Services*

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2009  
HIGH MANAGER 8-9TH JUNE

# Ask the Following Questions

- What does the customer really need?
- How often will we check our performance to customer needs?
- Which steps create value and which are waste?
- How can we flow work with fewer interruptions?
- How do we control work between interruptions? How will work be prioritized?
- How will we balance or level the work load and/or different activities?
- What process improvements will be necessary?



# What Does the Customer Really Need?

- Who needs the output of the process?
- What/how much do they need?
- When/how often is it required?
- Can we establish a pace or rhythm for completing these requirements?



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# What Does the Customer Really Need?

- What “service level” does the customer need?
  - Desired response or turnaround time
  - Expected quality level of the output
- What is the demand for the process?
  - Expected demand rate
  - Expected variation in the demand rate
  - Required resources to meet demand rate(s)



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# Takt Time = Demand Rate

- Synchronizes pace of processing to match pace of customer need. Need can be expressed in different ways.
- Rate for completing work based on customer need.

$$\text{Takt Time} = \frac{\text{Effective Working Time per Shift}}{\text{Customer Requirement per Shift}}$$

$$\frac{460 \text{ minutes}}{46 \text{ orders}} = 10 \text{ minutes/order}$$

- What will be the desired “cycle time” or “service level” for each activity?
- What resources will be needed to meet demand?



# How Often Will We Check Performance?

- At what frequency will the system be reviewed to verify it is satisfying customer needs and the desired cycle time or service level?
  - Example: Six Sales Orders an hour will be processed, with all orders processed within 1 hour of receipt.
- How will Takt Image be provided?
  - Example: A visual means to determine the “age” of an order will be provided.



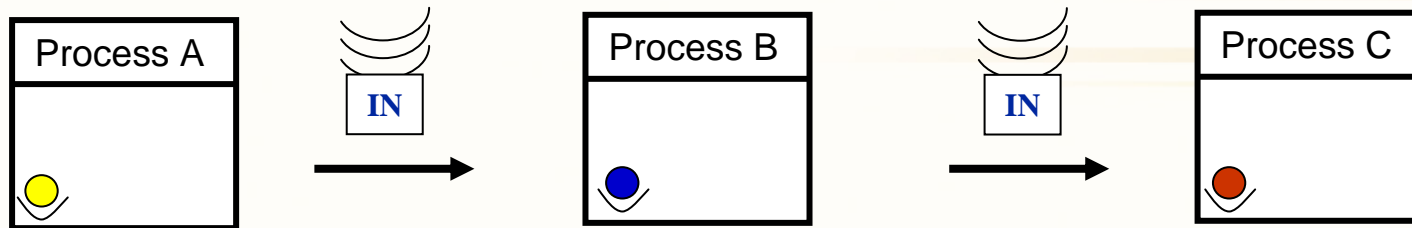
# What Steps Create Value and Which are Waste?

- Challenge every step – ask the following:
  - What is really needed by the customer?
  - Why are the current steps performed?
  - What can be done differently or not at all?
  - Is the order of steps creating waste? Where should decisions be made?
  - What assumptions underlie the current process?
  - Are existing controls and administrative guidelines appropriate?
  - What knowledge and skills are truly required to perform the step(s)?

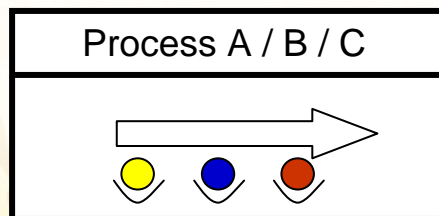


# How Can We Flow Work with Few Interruptions?

## Batch & Queue Processing



## Flow Processing



# How Much Work Will You Trigger?

*No Good*

Paperwork Processing	
Monday	40 A
Tuesday	10 A, 30 B
Wednesday	20 B, 20 C
Thursday	40 C
Friday	20 C, 20 A

Why such a “routine”?

*Better:* Every Type Every Day

Monday: 14 A, 10 B, 16 C
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**Important:**

*Even Better:* Every Type Every Hour

8AM: 3A, 2B, 3C
9AM: 4A, 2B, 2C

Eliminate all reasons to “batch”!

Discipline to flexible processing!

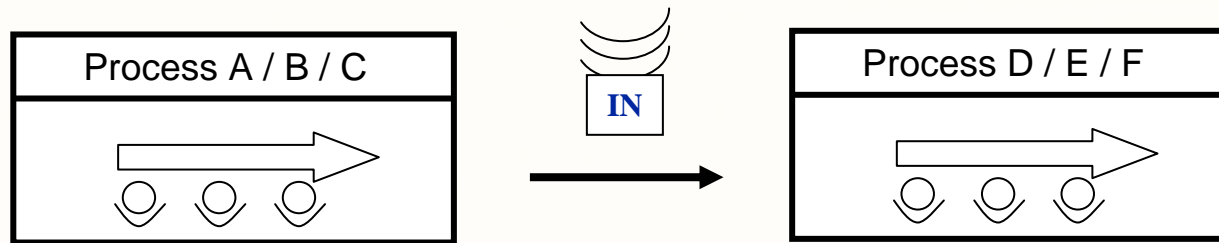


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# How Will We Control Work Between Interruptions?



How Will Work Be Prioritized?

# How Will We Balance or Level the Work Load and/or Activities?

- Does the “volume” (e.g. demand variation) impact the system in any way?
  - Example: Month-end phenomena
- Does the “mix” (e.g. order type) impact the ability of the system to flow, or impact the responsiveness of particular steps in any way?
  - Example: Rush vs. Standard Orders



# What Process Improvements Will Be Necessary?

- Identify all process improvements that will be necessary to implement the future state

**Paperwork  
Redesign**

**System  
Uptime**

**Change  
Authority Levels**

**New Technology**



# Future State Questions

- What does the customer really need?
- How often will we check our performance to customer needs?
- Which steps create value and which are waste?
- How can we flow work with fewer interruptions?
- How do we control work between interruptions? How will work be prioritized?
- How will we balance or level the work load and/or different activities?
- What process improvements will be necessary?



# Recommended Reading

- “The Complete Lean Enterprise – Value Stream Mapping for Administrative & Office Processes” (Locher/Keyte, Productivity Press 2004, winner of a 2005 Shingo Prize)
- Articles available on our website [www.cma4results.com](http://www.cma4results.com). Click on “News” for articles such as:
  - “Standard Work for Office & Services”
  - “Creating Pull in Office & Services”
  - “Creating Flow in the Office”
  - “Organizing by Value Stream”
  - “Visual Management in the Office”
  - And more!

