Being lean in an office environment

In the previous article, it was shared that lean is applicable in non-manufacturing environment. In fact, by applying lean across the entire value chain (end-to-end of the enterprise), the potential for optimisation are amplified than just doing Lean in production shop floor.

One of the core principle of lean is to create uninterrupted flow[1]. To do that, we need to minimise the waste (non-value) in the process. Enterprises should seek to maximise the value add to their customer. In most processes, only 3-5% of the steps actually create value. Using the example of a hammer striking the nail. The "value" is only in the split second when the hammer impacted the nail. The rest of the motion are categoried as waste in Lean.

If the particular step in the process is of value to the customer, they should be able to "feel" the improvement that is being done there[2]. Value to the customer is:

- Give me exactly what I want
- Deliver value where I want it
- Deliver value when I want it
- Solve my problem completely
- Reduce the number of decisions I have to take to solve my problems
- Don't waste my time

Another 20-35% of the steps in the process are necessary but does not create value, such as compliance to regulatory requirements, accounting and payroll. They does not add value to the customer but enabled the delivery of value. These should be minimised as far as possible.

Category	Definition	Typical percentage	Recommended actions
Value	What the customer is willing to pay for	3-5%	Maximise this portion
Necessary Waste	Necessary to deliver value to the customer	20-35%	Minimise this aspect
Pure Waste	Categorised as 7 types of waste	Up to 60%	Eliminate them completely

That leaves the remaining 60% as pure waste in a process to be eliminated. Broadly, waste can be categorised into 7 types, and it is more significant in an office environment as they are often invisible and of bigger financial impact than on the shop floor.

7 types of waste:

1. Over production
2. Inventory or WIP (work in process)
3. Motion or movement
4. Transportation of goods (conveyance)
5. Defects, Errors or Inaccuracy, including rework (Hidden factory)
6. Waiting
7. Over process

Before any automation, it is highly desirable to analyse your process flow for the value and non-value (waste) components, usually through value stream mapping (VSM) technique. It will be costly and pointless exercise to automate non-value steps. In the next article, more will be elaborated on these wastes, with examples from the service environment and the possible counter measures.

References:

[1] Lean Thinking Banish Waste and Create Wealth in Your Corporation, by James P Womack and Daniel T Jones, July 2003

[2] Lean Solutions: How Companies and Customers Can Create Value and Wealth Together, by James P Womack and Daniel T Jones, June 2007

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