Lean Management Plan

Lean management is a guide for building a stable organization that evolves constantly and helps to identify actual problems and remove them. Lean methodology focuses on continuously improving work processes, purposes, and people. Instead of holding total control of work processes and keeping the spotlight, Lean management encourages shared responsibility and shared leadership.

The main purpose of Lean management is creating value to the customer by optimizing resources. The Lean methodology relies on 3 very simple ideas:

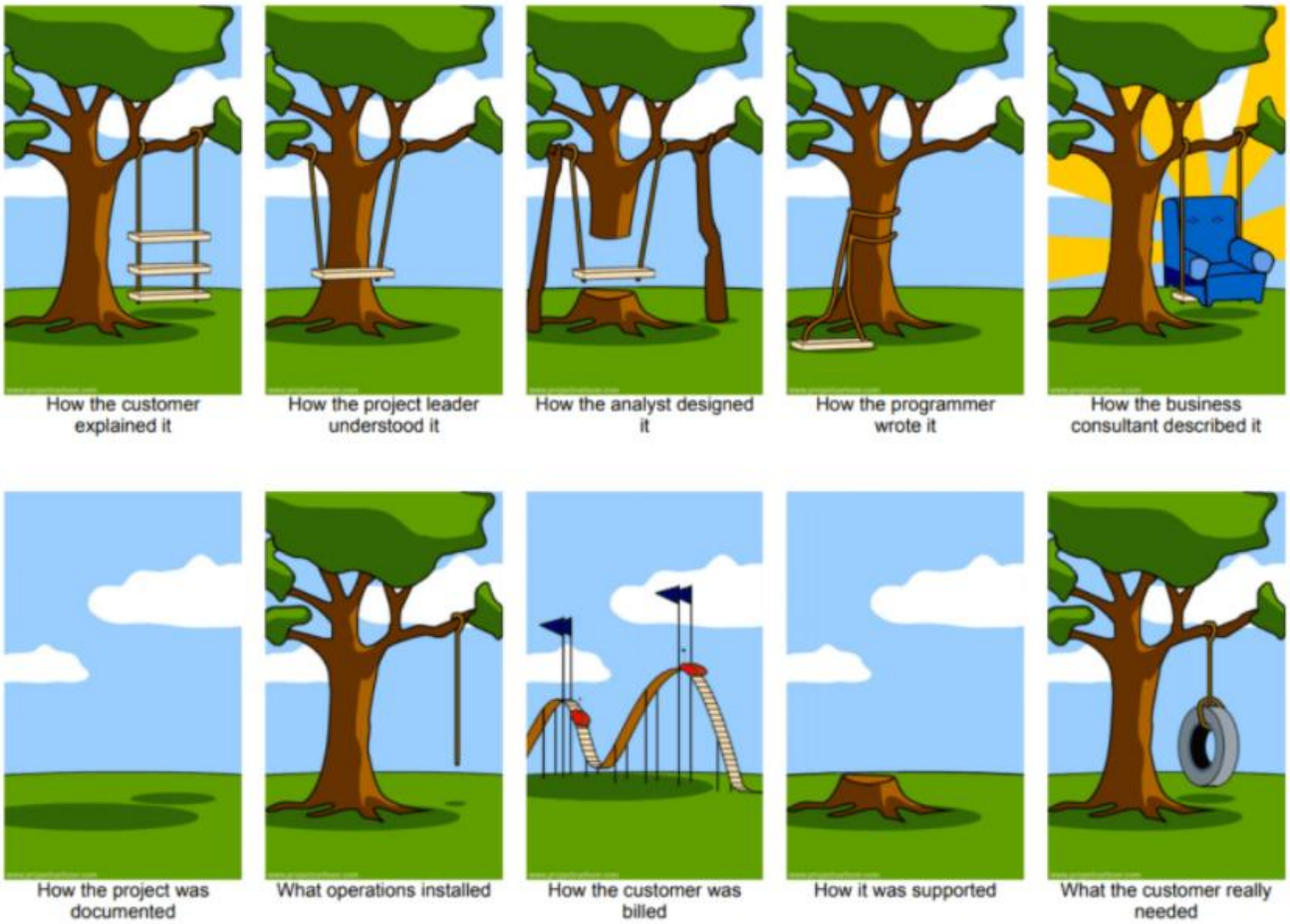
1. deliver value from your customer's perspective
2. eliminate waste (things that don't bring value to the end product)
3. continuous improvement

The 5 basic Lean Principles (How to Create a Lean System?)

1. Identify Value from Your Customers' Perspective

What does every company strive to do? To offer a product/service that a customer is ready to pay for. To do so, a company needs to add value defined by its customers' needs. Identifying value means working to deliver what your customers need instead of what they simply asked for. The value you are producing is inherited in the customers' problem or pain.

The value lies in the problem you are trying to solve for the customer. More specifically, what your customer is actively willing to pay for. Any other activity or process that doesn't bring value to the end product is considered waste.



Generally, focusing on identifying the value from your customers' perspective will increase customer satisfaction, reduce project risk, and minimize project waste.

So you first need to identify the value, product, outcome, etc you want to deliver and then proceed to the next step.

2. Value Stream Mapping

This is the point where you literally need to map the workflow of your department. It has to include all actions and people involved in delivering the end product to the customer. By doing so, you will be able to identify what parts of the process bring no value or are waste.
When you have your value stream mapped, it will be much easier for you to see which processes are owned by what teams and who is responsible for measuring, evaluating, and improving that process. This big-picture will enable you to detect the steps that don't bring value and eliminate them.

3. Create Continuous Workflow (AKA Repeatable Routines)

After you mastered your value stream, you need to make sure that each team's workflow remains smooth. Keep in mind that it may take a while.
Developing a product/service will often include cross-functional teamwork. Bottlenecks and interruptions may appear at any time. However, by breaking up work into smaller batches and visualizing the workflow, you can easily detect and remove process roadblocks.

4. Create a Pull System

Having a stable workflow guarantees that your teams can deliver work tasks much faster with less effort. However, in order to secure a stable workflow, make sure to create a pull system when it comes to the Lean methodology.
In such a system, the work is pulled only if there is a demand for it. This lets you optimize resources' capacity and deliver products/services only if there is an actual need.
Let's take a restaurant, for example. You go there and order a pizza. The baker pulls your order and starts making your pizza. He doesn't prepare tons of dishes in advance because there isn't actual demand, and these tons of dishes can turn into a waste of resources.

5. Continuous Improvement

After going through all previous steps, you already built your Lean management system. However, don't forget to pay attention to this last step, probably the most important one. Remember, your system is not isolated and static. Problems may occur at any of the previous steps. This is why you need to make sure that employees on every level are involved in continuously improving the process.

There are different techniques to encourage continuous improvement. For example, every team may have a daily stand up meeting to discuss what has been done, what needs to be done, and possible obstacles—an easy way to process improvements daily.

Benefits of Lean Management

There are a few major advantages that managers can benefit from.

Focus. By applying the Lean methodology, you will be able to reduce waste activities. Therefore, your workforce will be focused on activities that bring value.
Improving productivity & efficiency. When employees are focused on delivering value, they will be more productive and efficient because they won't be distracted by unclear tasks.
Smarter process (pull system). By establishing a pull system, you will be able to deliver work only if there is actual demand. This leads to the next one.
Better use of resources. When your production is based on actual demand, you will be able to use only as many resources as needed.

The Core 5 Principles for Lean Implementation

Lean has proven to be an effective model for managing teams in some of the most demanding industries, like software development, manufacturing, construction, and many others.

A huge role in this has the fact that the methodology is simple to understand and quick to make an impact when implemented properly.

Like everything else in life, the first steps in Lean management are the most difficult, and a huge portion of the teams that fail to implement it successfully give up early on.

Prepare Your Team for the Change: Although Lean management is based on the 5 principles of Lean, before applying them, you need to prepare your team, department, and even the whole organization for the change.

Set clear goals: First of all, you need to know what your end goal is and communicate that with everybody on your team. What are you trying to achieve by implementing the Lean process within your department?

This way, you will be able to share a path to achieve it, motivate people to take the journey with you, and assist them by removing any obstacles that appear on your way to process perfection.

Establish a Lean mindset: Once you know the implementation's outcome, you need to integrate the Lean mindset within your team.

Getting everybody on board might be a major challenge. That's why, to get started, you need to explain to your team members what Lean is and make sure they understand its benefits not just from an organizational perspective but from a personal one too.

The Lean process is about delivering superior customer value by eliminating waste and cultivating an environment of shared leadership where your team members receive more responsibilities and seek continuous improvement.

Remember that It is important that you lead the change, not manage it.

Start Small and Find a Change Agent: A good place to start is with one or two team members (change agents) and later spread the Lean practices across the whole team.

A good way to determine which employee would make a good change agent is to select only people who are not only enthusiastic but are influential in their teams. Once you set the strong foundation, introduce the 5 principles of Lean management.

Introduce the Lean Management Principles:
After you've prepared your team for the change, you need to take specific actions ("Lean activities") to apply each of the 5 principles of Lean.

Nonetheless, you have the responsibility to enlighten your team and help them understand why each one of the Lean principles is important with the goal of eventually embracing them as a culture.

Plan for Learning and Implementing Lean Principles

Step 1 Due March 24: Defining Value, Problems, and Waste; Identifying a current problem using the Value Stream Mapping and completing the 5 Whys Root Cause Analysis

Step 2 Starts March 24: Create a Plan, Do, Check, Act (PDCA) including standardizing workstations, repeatable routines, creating pull systems, etc

Step 3 April 14: Report back on improvement and next PDCA. Make a list of other areas to apply this method.

Getting Started: Value Mapping. Identifying Waste and Problems, Using 5 Whys Root Cause Analysis

Value Stream Mapping: The value stream mapping process allows you to create a detailed visualization of all steps in your work process. It is a representation of the flow of goods from the supplier to the customer through your department.

Examples include: opening and closing duties, receiving and stocking process, placing orders, food preparation

A value stream map displays all the important steps of your work process necessary to deliver value from start to finish. It allows you to visualize every task that your team is working on and identify where the problems and waste are at in the process.

It is important to clarify that, according to Lean, value is everything that the customer would pay for. However, when it comes to mapping a value stream, there are steps that may not bring direct value to your customer but help ensure that you will be able to deliver the final product/service.

The primary purpose of creating a value stream map is to show you the places where you can improve your process by visualizing both its value-adding and wasteful steps.

You just have to put on display every important step of your workflow and evaluate how it brings value to your customer. This allows you to analyze your process in-depth and provides you with hints where you should make changes to improve the way you work.

7 Wastes of Lean: Eliminating wasteful activities is one of the most important steps for creating efficiency in your department.

Waste in Lean is any activity that consumes resources but brings no value to the end customer.

In reality, the activities that **indeed create value** for the customers are only a small portion of the whole work process. This is why departments should focus on reducing wasteful activities as much as possible. By doing so, your team can identify significant opportunities to improve their overall performance.

Don't make a mistake. **Not all wasteful activities can be eliminated from your work process**. Some of them are a necessity for quality control and improvement.

There are two major types of waste:
Necessary waste – non-value-adding, but necessary to get things done in a quality manner. Such activities can be testing, planning, reporting, etc.

Pure waste – non-value-adding and unnecessary. Anything that doesn't bring value and can be removed from the process immediately. Any form of waiting (known as "waiting waste") can be described as pure waste.

1. Transportation: This type of waste is when you move resources (materials), and the movement doesn't add value to the product. Excessive movement of materials can be costly to your business and cause damage to quality.

2. Inventory: Excessive inventory is often the result of a company holding "just in case" inventories. In such cases, companies overstock themselves in order to meet unexpected demand, protect from production delays, low quality, or other problems. However, these excessive inventories often don't meet customer's needs and don't add value. They only increase storage, labor, and financial costs.

3. Motion: This kind of waste includes movements of employees (or machinery), which are complicated and unnecessary. They can cause injuries, extended production time, and more. In other words, do whatever is necessary to arrange a process where workers need to do as little as possible to finish their job.

4. Waiting: This is probably the easiest waste you can recognize. Whenever goods or tasks are not moving, the "waiting waste" occurs. It is easily identifiable because lost time is the most

obvious thing you can detect. For example, goods waiting to be stocked, equipment waiting to be fixed, or a document/ proposal waiting for approval.

5. Overproduction: Keeping in mind that waste is anything that the customer is unwilling to pay for, it is easy to realize why overproduction is considered waste. Producing more means that you exceed customer's demand, which leads to additional costs. Actually, overproduction triggers the other 6 wastes to appear. The reason is that excess products or tasks require additional transportation, excessive motion, greater waiting time, and so on.

6. Over-processing: This type of waste usually reflects on doing work that doesn't bring additional value, or it brings more value than required. Such things can be adding extra features to a given product that nobody will use, but they increase your business costs. For example, if a car manufacturer decides to put a TV screen in the back trunk of a vehicle, probably nobody will use it or find value in it. Even more, it will cost resources, and it will increase the end price of the product for something that customers are not willing to pay for.

7. Defects: Defects can cause rework, or even worse, they can lead to not being able to use the prodcut. Usually, defective work should go back to production again, which costs valuable time. Moreover, in some cases, an extra reworking area is required, which comes with additional costs of labor and tools.

As you can see, the 7 types of waste are toxic to your department. However, you can see them more as an opportunity to improve work processes and, most importantly, optimize resources.

Step 1: What Problem are we trying to solve?

The first step in Lean Management is to collaborate with your team to identify a problem or process that needs improvement. Start with a process that isn't complicated and may be considered "low hanging fruit". Examples include: opening/ closing duties, stocking process, unloading freight, making sandwiches, production processes, etc.

Examples of areas with problems that need attention include:

- Improving productivity
- Reducing delivery times
- Eliminating project delays
- Increasing profit
- Increasing customer satisfaction
- Improving quality
- Managing complexity

Something to remember is to watch out for having too many goals and too many problems to solve at the same time. The fewer, the better. For instance, it is much easier to get the message

through to your team if you are only focusing on improving productivity.

This is not a one time fix that we will be done with in a month. We are working on changing our workplace to a culture of continuous improvement, providing value to the customer, and empowering every employee to identify and solve problems.

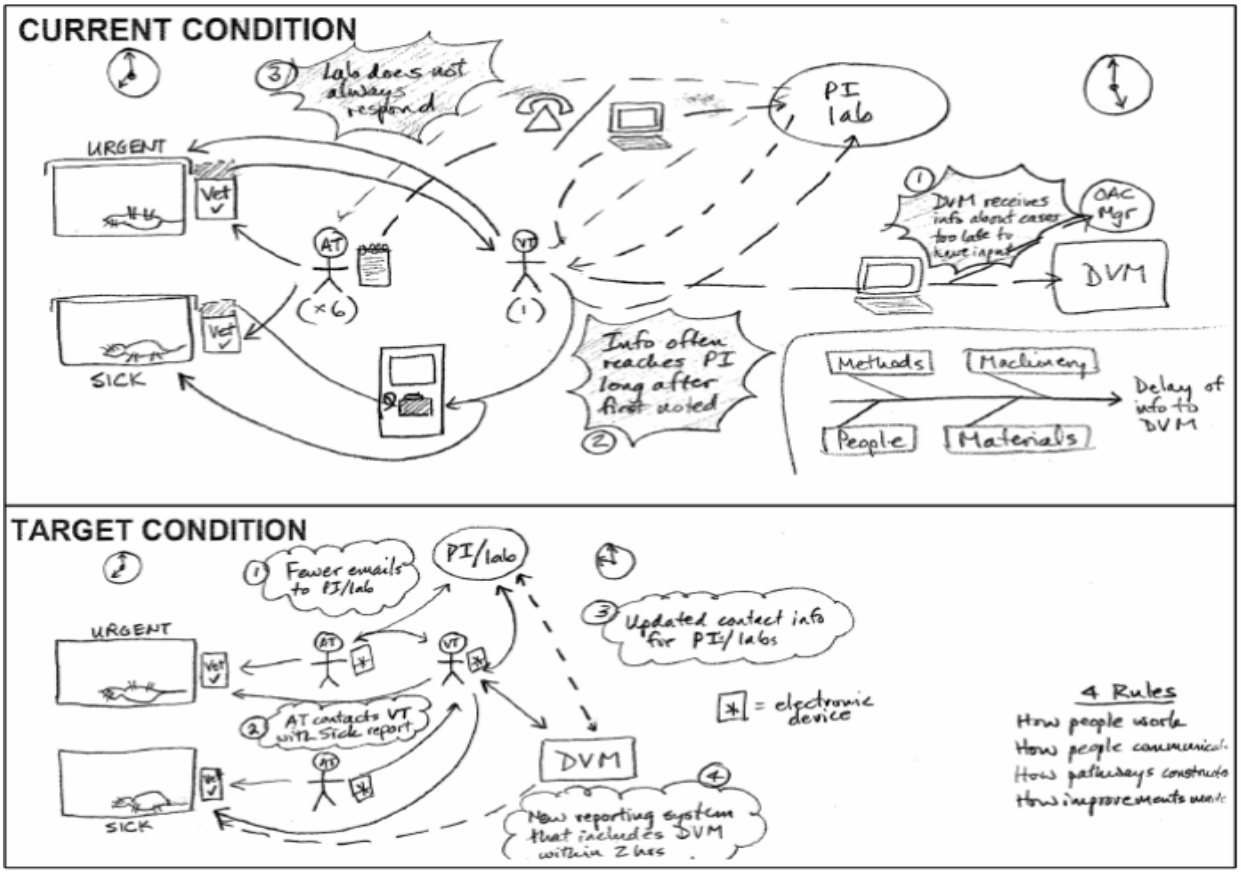
Other questions to take into consideration when trying to identify a problem:

- What is the purpose of the change? What problem are we trying to solve? (Situational Approach)
- How are we improving the actual work? (Process Improvement)
- How are we building capability? (Employee Development)
- What leadership behaviors and management systems are required to support this new way of working? (Responsible Leadership, Management Systems)
- What basic thinking, mindset, or assumptions comprise the existing culture and are driving this transformation?

Step 2: How to do Value Stream Mapping?

Start by establishing the current state/ condition of a work process. Some questions to consider: How is it adding value to customers? How long is it taking? Is the process clear? Do all employees complete the task in a timely manner and the same procedure?

Observing production and the work process for a set time and mapping the movement of the employees working, Example: observing the receiving process, sandwich making, or hot bar cooking. Do your observations align with what you thought the current state is? Is there waste and problems you didn't know before? What did you learn from your observation?



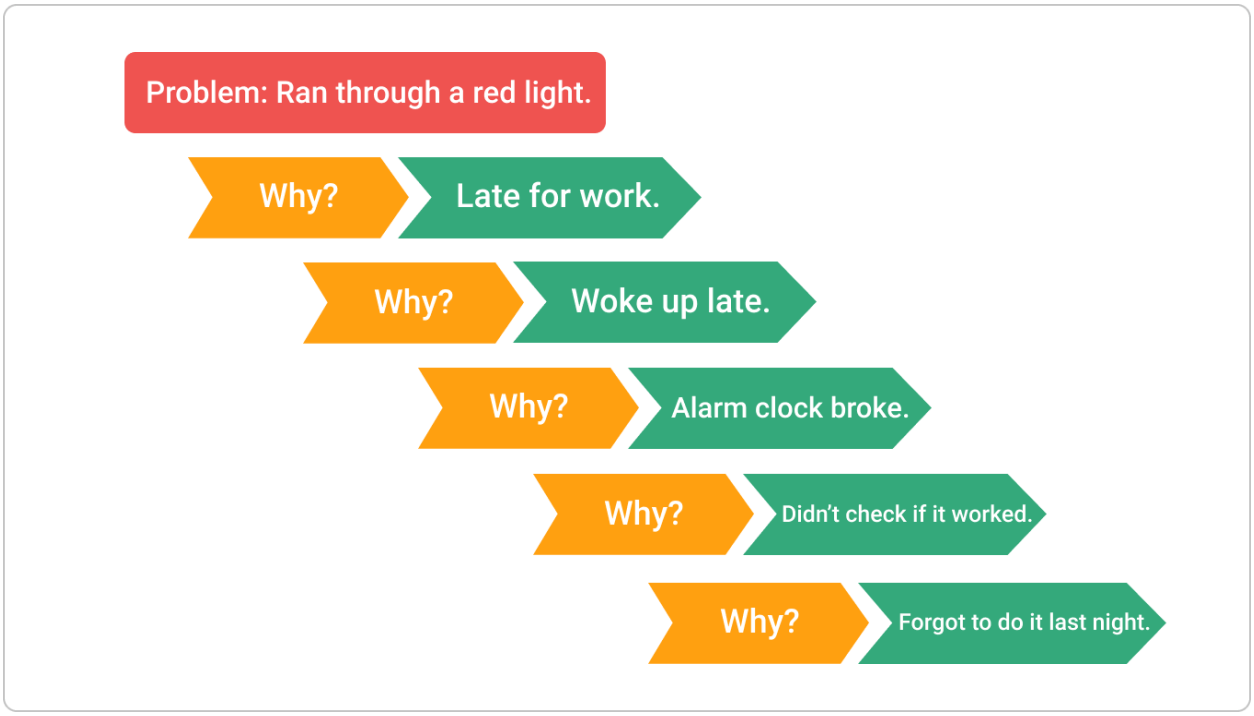
Identify waste while observing the process. Example: tape gun isn't put away in the same spot and receiver spent 3 minutes looking for it (motion and time waste).

After observing a work process, collaborate with your team and make a list of all steps in a process, including people, tools, movement, etc. Be sure to identify possible waste or problems in the work process.

Use the 5 Whys Root Cause Analysis to determine the root cause of the waste or problem.

When applying the 5 Whys technique, you want to get to the problem's essence and then fix it. Actually, the 5 Whys may show you that the source of the problem is quite unexpected.

Often, issues that are considered a technical problem actually turn out to be human and process problems. This is why finding and eliminating the root cause is crucial if you want to avoid iteration of failures.

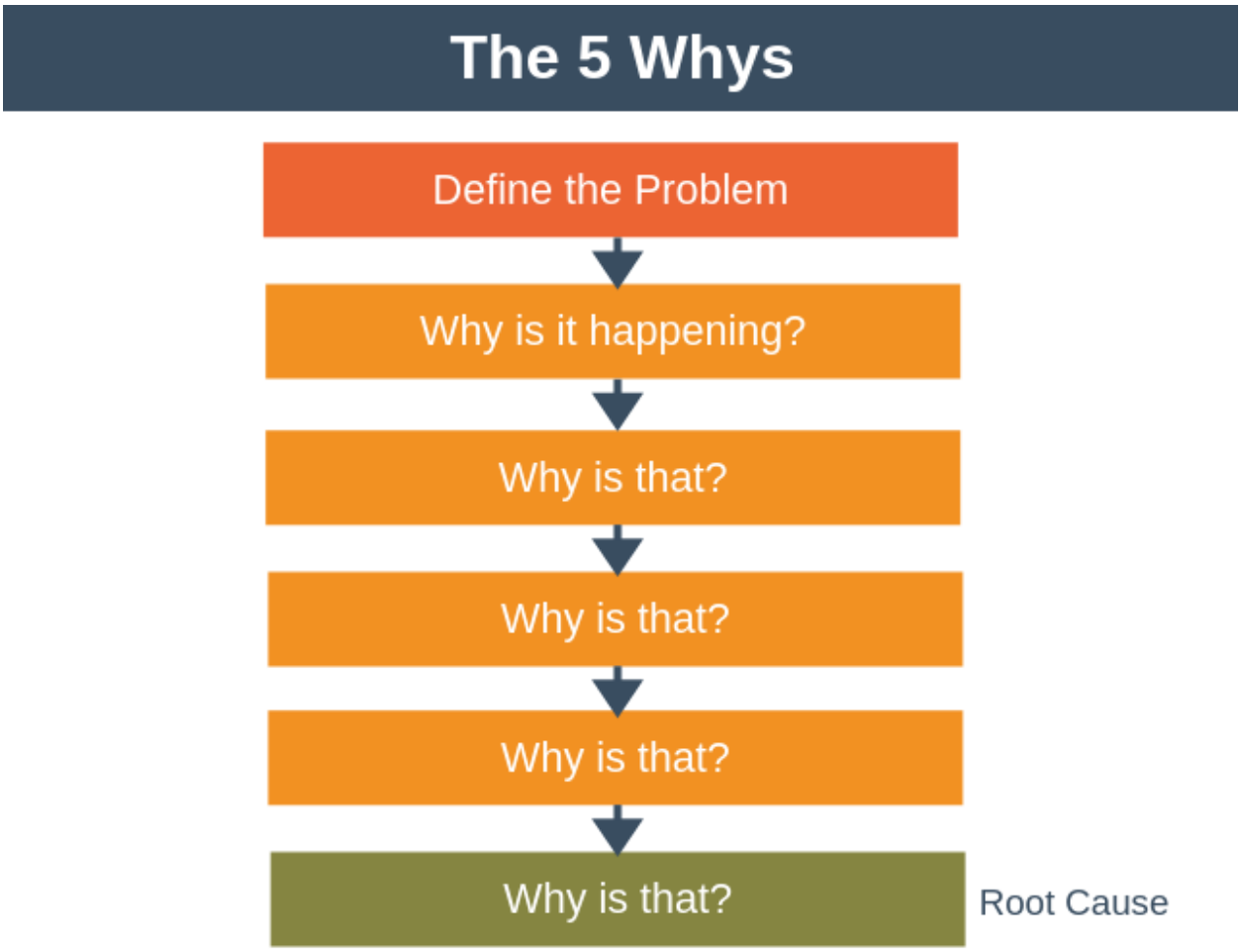


You can notice that the root cause of the initial problem turned out to be something completely different from most expectations.

Furthermore, it is obvious that it is not technological but a process problem. This is typical because we often focus on the product part of the problem as we neglect the human factor.

Therefore, the 5 Whys analysis aims to inspect a certain problem in depth until it shows you the real cause.

Keep in mind that "5" is just a number. Ask "Why" as many times as you need to complete the process and take appropriate actions. But also be cautious of asking for too many Why's because it can lead to complaining and blaming others.



Final thoughts: here are a few things to remember when it comes to completing analysis of current state:

The Form Doesn't Matter

It's the thinking that goes into completing the A3 that matters, not the form itself. Don't waste time worrying about the size of the paper or the template you have available.

Make It Clear, Not Pretty

If your A3 is a work of PowerPoint art, you're wasting effort. Learning is a messy process of trial and error. Write A3s in pencil, and erase frequently as your understanding evolves.

Visualize Your Thinking

Pictures convey more information than words. Drawing helps expose the gaps in your learning that are otherwise hidden. Be creative and draw pictures rather than writing lengthy descriptions.

Tell a Story

Stories ensure continuity by tracing the development of a plot line from its initial development to its final resolution. Tell the story of your problem.