

An Action Plan for Lean Services

A Presentation by

James P. Womack

President, Lean Enterprise Institute

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The Core of Lean Thinking

- All value is the result of a process.
- A manager's focal plane should be the value creating processes, rather than organizations and assets.



The Types of Processes

- Some processes are primary, serving an external customer.

Example: A transactional process such as processing an insurance claim or conveying a letter from mailer to receiver.

- Some processes internal, to support the primary processes.

Example: A hiring process to obtain the needed employees to process the insurance claim or collect, sort, and deliver letter mail.

- Primary processes are easier to see, but support processes are equally necessary.



The Nature of a Process

- A process is a set of actions (steps), each of which must be accomplished properly in the proper sequence to create value for someone.

Example:

- ✓ Receive the life insurance claim.
- ✓ Verify the data.
- ✓ Verify the death certificate.
- ✓ Calculate the amount of the pay out.
- ✓ Write the check.
- ✓ Send the check.



The Perfect Process

We are all in search of the perfect process.

But perhaps you have not realized this!

The perfect process has some simple but challenging attributes:

- It creates precisely the right value for the customer.

Value is hard to determine for external processes and even harder for support processes.

But note: In the absence of correctly specified value, every step in any process is muda!



The Perfect Process

- Each step within the process must be:
 - ✓ Valuable
 - ✓ Capable (Six Sigma)
 - ✓ Available (Total Productive Maintenance)
 - ✓ Adequate (Theory of Constraints or TPS)
 - ✓ Flexible (Toyota Production System)



The Perfect Process

- The steps/actions in the process must be linked by:
 - ✓ Flow (in low volume with high variety, TPS)
 - ✓ Pull (Toyota Production System)
 - ✓ Leveled demand, from the pacemaker step/action (TPS)



The Perfect Process

- The actions in the process are satisfying for people to perform and managers to manage:
 - ✓ No injuries.
 - ✓ No fatigue.
 - ✓ No boredom.
 - ✓ A sense of providing a valuable good or service.
 - ✓ A sense of personal fulfillment & accomplishment.

Note that putting good people in a bad process is the best way to produce “bad” people!



The Perfect Process In Summary

- The right purpose (value).
- The best method (process).
- The highest sense of accomplishment (people).



How Can We Create the Perfect Process for Every Service?

Start by identifying the key processes in your organization:

- Which are primary?
- Which are support?
- Which are most important to the customer?
- Which are most important to the success of the organization?
- Which are most troubling to your people?



Creating the Perfect Process

Ask who is responsible for each process.

When you discover that the answer is “no one”, appoint someone!

Note that in the early going it helps if the someone is a “someone”. (That is, a widely respected person with a bright future in the organization.)

Responsibility doesn't necessarily mean a full time job and it certainly doesn't mean direct reporting by everyone involved in the process.



Creating the Perfect Process

Select the most important processes (but only a few).

Form a team of the responsible person and those involved in the process – customers, participating employees across functions, technical advisors.

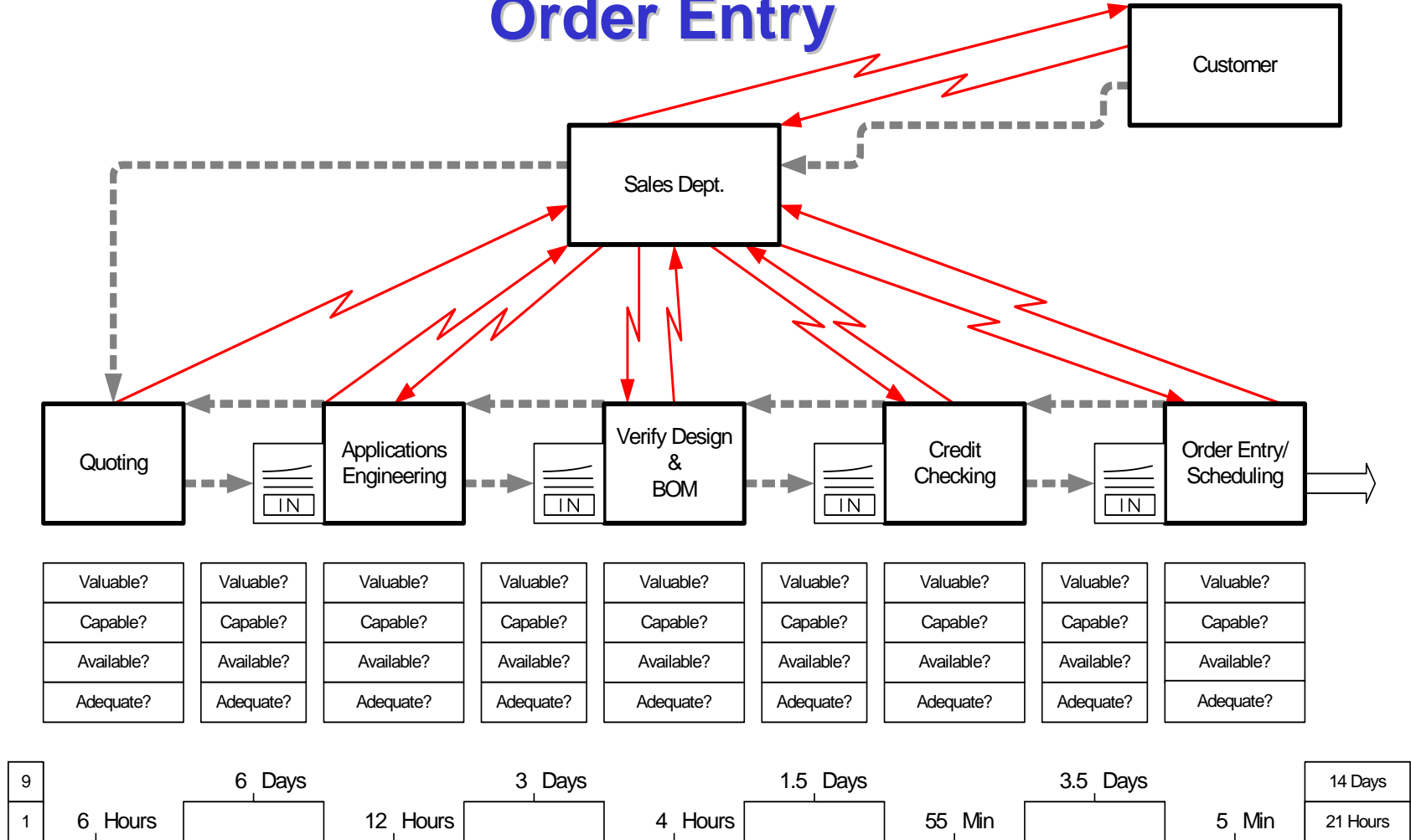
Map the process as it currently operates, taking extra care to specify value from the standpoint of the customer (external or internal).

Label this map the “current state”, making sure that everyone agrees that the map is truly accurate.



Current-State Process Map

Order Entry





Creating the Perfect Process

Ask how the process should be changed to move toward perfection.

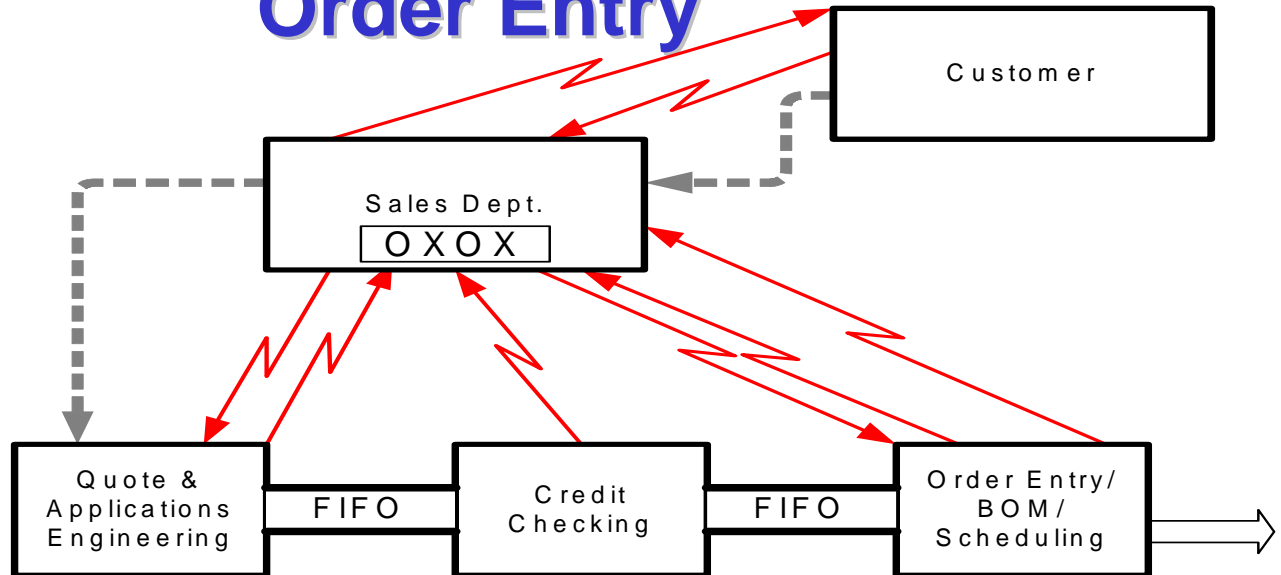
- Note that if the value of the existing process is found to be incorrectly specified, the entire process may need to be changed or even eliminated.
- Note that in many cases, one tangled process with many exceptions may need splitting into a number of processes, each with its own flow path.

Label this map the “future state”, making sure that everyone agrees about the key changes in the process.



Future-State Process Map

Order Entry



Valuable?	Valuable?	Valuable?	Valuable?	Valuable?
Capable?	Capable?	Capable?	Capable?	Capable?
Available?	Available?	Available?	Available?	Available?
Adequate?	Adequate?	Adequate?	Adequate?	Adequate?





Creating the Perfect Process

Think a bit about your organization:

- From the standpoint of its customers, an organization is the sum of its processes, both primary and supporting.
- Processes flow horizontally toward customers, across departments, functions, and organizations.
- However, organizations tend to be oriented vertically, toward senior leadership.
- And organizations tend to measure functional performance in terms of asset utilization (people, machines) and other metrics that may be inconsistent with a perfect process.



Creating the Perfect Process

Ask what changes in your organization will be needed to create and sustain the future state of your test process(es):

- Create a new position of “process manager”?
- Rearrange existing departments and functions?
- Introduce new metrics to align department and function performance with process needs?



Creating the Perfect Process

Implement the necessary changes to create the “future state” process:

- Measure the performance compared with the current state.
- Reflect on what has been accomplished and how it could have been better. (“Check” in PDCA language.)
- Introduce necessary changes to adjust the process. (“Act” in PDCA language.)
- Determine whether the adjusted process is stable and sustainable.



Creating the Perfect Process

Once test processes have proved your improvement method:

- Develop a “Plan for Every Process”.
- Determine and clearly explain what you will do with excess people and assets.

Hint: Service processes can only perform at a high level for the customer if employees feel the management is introducing lean methods in a fair and equitable way.

So, deal with processes painful to employees early and use excess people to grow.

- Tackle every process, in order of importance.



Creating the Perfect Process

Once you have tackled all of your processes:

- Start the cycle again! (The former “future state” is the new “current state”.)
- Start to look at extended processes shared downstream and upstream with other organizations.
- Periodically review the Plan for Every Process to guard against backsliding.
- Share your successes (and failures) with the Lean Community as we all pursue the perfect process for every service!

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