



THE LEAN SERVICE OPPORTUNITY

Professor Daniel T Jones

Chairman, Lean Enterprise Academy



Welcome



- To the **First Lean Service Summit** in the world!
- Which brings together the leading experts and the leading pioneers in applying Lean Thinking beyond the shop floor to office support processes
- And beyond manufacturing to financial services, utilities, healthcare and public administration
- This is a unique opportunity to meet, share, learn, translate to our own sectors and to develop a common approach which others can follow
- We hope this Lean Service Summit will trigger many diffusion activities in the years to come



Who Are We?

- Dan Jones – Co-Author with Jim Womack of *The Machine that Changed the World* and *Lean Thinking* and Chairman of the **Lean Enterprise Academy** in the UK
- Bodo Wiegand and Rene Aernoudts – Chairmen of newly founded **Lean Management Institutes** in Germany and Holland
- All three are non-profit education and research organisations dedicated to spreading Lean Thinking and are members of the **Lean Global Network** set up by the **Lean Enterprise Institute** in the USA



Who Are You?

- You come from 20 countries from across the globe: -
 - 80% from Europe
 - 20% from the USA, Canada, Brazil, South Africa, Australia, Japan, India, Iran and Saudi Arabia
- Your backgrounds are:-
 - 31% from Manufacturing
 - 35% from Utilities, Financial Services, Healthcare and Public Administration
 - 34% from Education and Consulting



Why are we here?



- Because of some remarkable **people** who laid the foundations for where we are today – and because of those who triggered this Lean Service Summit
- Because we share a common conviction that **process** or Lean Thinking is a better way to create more value for individuals and society with less wasted time and effort for users and providers alike
- Because we share a common **purpose** to implement lean thinking in our own organisations and to help to spread it to all corners of the economy and across the world



The Foundations of Lean



- Were laid by the Masters of the Arsenale in Venice who by 1400 were building one ship a day
- And were built on by many others - including de Gribeauval, Brunel, Blanchard - until Henry Ford built the first complete **“flow production”** system at Highland Park in Detroit in 1914 for the Model T
- Ford went on to create **“mass production”** at the Rouge in 1927 - making huge volumes of parts for assembly globally – using big machines, big batches
- Alfred Sloan at GM built the management structure to manage this complexity as pull gave way to push



The Elaboration of Lean



- Kiichiro Toyota and Taiichi Ohno at **Toyota** extended “flow production” to cope with product variety – using simple machines with quick change tools, in process sequence pulled by customer demand
- Kenya Nakamura (product development), Shotaro Kamiya (customer relations) and Eiji Toyoda (policy management) extended this into a business system
- **“Lean production”** was largely in place by 1970 and gradually spread to the extended enterprise in Toyota City and later across the world – as the **“Toyota Way”**



Toyota's Lean Strategy



“Brilliant process management is our strategy.

We get brilliant results from average people managing brilliant processes.

We observe that our competitors often get average (or worse) results from brilliant people managing broken processes.”

Which is why Toyota may be No 1 by 2010!



The Spread of Lean



- Beyond Toyota, the lean pioneers – like Pat Lancaster, Art Byrne & Wendelin Wiedeking described in *Lean Thinking* – led by conviction, taught by Ohno's disciples
- How to develop a method others could follow?
 - John Shook taught us how to see processes – **value stream mapping**
 - This led beyond **point Kaizen** and tools – to **flow and system Kaizen**, to create processes where flow is triggered by levelled pull from customers
 - Which will only happen if led by a **value stream manager** and supported by the functions



Discovering Lean Service



- As manufacturing migrates from the UK, Holland & Germany the biggest opportunity for lean is in services
- Many people over the years have tried lean in services and healthcare – but with mixed results, mainly point Kaizen and a lot of confusion about lean
- More recently we have seen some really good examples and a more mature translation of lean into office and healthcare environments
- This signalled that it would now be productive to bring all these people together – to consolidate our activities and to accelerate progress – hence this Summit



Three Starting Points



- Stephen Parry – Fujitsu Services – how to discover **customer purpose** while using **failure demand** to redesign the process
- Kent Sears - GM - how to successfully trigger lean **across every function** of a huge organisation – with guidance from John Shook
- Bodo Wiegand – how to redesign the tasks and interfaces of key processes and roll them out across **a whole system** – track maintenance, facilities management – and in the future to managing cities!



Many More Examples



- Triggering lean through shared services – GE Europe
- Creating a lean alimony office – LBIO Netherlands
- Paths to lean healthcare – Dr. Schuring and Dr. Long
- A Lean Insurance company – Jefferson Pilot
- Systems Thinking in Service Organisations – John Seddon – with Standard Life and Home Housing Assc.
- Implementing lean in Postal – Dansk and Canada Post
- Creating the Lean Car dealer – Porsche GB
- and an important tool - Value Stream Mapping in the Office – Beau Keyte



Our Tasks

- So that is the cast of characters and the menu for this Summit – your task is to choose the stories that will help you most – and ask questions in the workshops
- Before we move on it may be worth summarising what is distinctive about the lean thinking approach in services
- And the challenges we face as a movement to deepen and spread lean
- In a sense we have done many Plan and Try (Do) steps – now is the time to Reflect (Check) and Stabilise (Act) before moving round the cycle again!



Lean Thinking



- The objective is to manage the business backwards from the customer definition of **value** - not forwards from your **assets** and your **organisation**
- To create end-to-end **primary processes** (value streams) to design, deliver and support this value - with minimum wasted effort and time – together with the **support processes** to enable them
- And to build a **management system** to develop, sustain and improve these processes over time
- Be clear about customer **Purpose**, before designing the **Processes** and then organising the **People**



Customer Purpose



- Who are the customers – and what is their real purpose – what **problem** are they trying to solve?
- What does the **consumption process** look like today to solve this problem – with how much time and effort?
- What is the nature of the received demand – how much is **actual demand**, how much is **created demand** and how much is **failure demand**? What does this tell you?
- How much demand is there, how volatile is it and how frequently does it need to be met? What do we need to design the provision process to deliver? Takt time, capacity, little-and-often and Every Action Every Interval



The Provision Process



- What tasks do you perform? Which are important and frequent? Which are most broken? Start with them!
- What does the whole process look like? Who else is involved (including the customer!)? How many steps and handoffs are there, taking how much time?
- Then ask the **lean questions** – How to receive demand signals directly from the customer - level them and release them in small lots to a pacemaker – combine capable and valuable steps to create flow – standardise the pull across handoffs and deliver directly to the customer?



Sustaining Lean



- How far you get will depend on:-
 - Someone taking responsibility for drawing up and implementing the **value stream plan**
 - Bringing the right knowledge to bear to make the necessary changes
 - Getting the right support from the enabling functions
- Your ability to sustain your progress will depend on:-
 - The cumulative problem solving experience of your team – so you can react quickly to disruptions, problems and changes



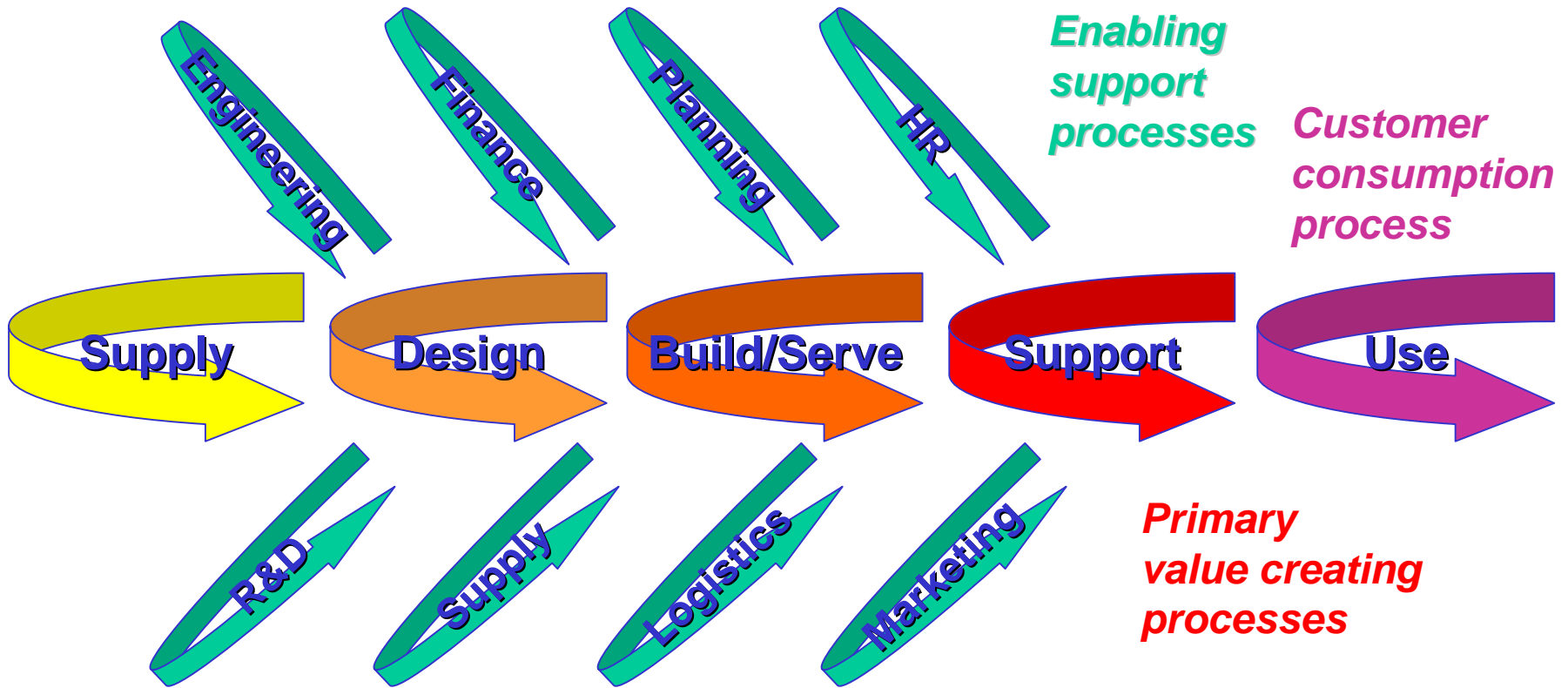
The Lean Business System



- We all need to learn to see our (extended) organisations as a **collection of primary and enabling processes** (value streams) – that extend across suppliers and customers
- For each process there should be a value stream plan – which form the building blocks of the **lean business system**
- Top management has the task of aligning, prioritising and resourcing these plans to meet the needs of the business and its customers – and for creating the social basis for employees to willingly participate



The Process Organisation



Every process has a customer – and can be leaned!



A Big Opportunity



- Spreading lean throughout our offices and across financial services, utilities, healthcare and public administration will be a key **source of growth** for the advanced economies
- Our challenge as a movement is to reflect on the pioneering examples we will hear at this Summit and generalise them, in order to create **common methods** and **proven pathways** for others to follow in the future – as well as tackling new processes
- How should we support each other in making this happen?



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