

Lean In The Office: The Next Frontier

Alan Nicol, Executive Member, AlanNicolSolutions, LLC



Lean is a very powerful tool for business improvement. Application of Lean in factory floors and to repeatable processes is straightforward, but applying it to the office environment is not. Unfortunately, the office is where a great deal of waste exists. Transform some assumptions about Lean, and it can effectively be applied to the office with substantial reward.

The Rest of the Story

Many businesses have learned, adopted, and applied the principles and methodology of Lean to great benefit. For the most part, businesses begin the Lean journey with the manufacturing or production factory floor. It makes sense, because that is where the principles were first developed, and where we first learned to apply them.

Businesses in industries such as health care, insurance, and banking have also become strong adopters of the Lean principles and methods. Generally, in these businesses the principles are applied in the layout of workspaces, such as hospital rooms, to minimize motion, chaos, and improve procedure efficiency; or to repetitive processes such as order entry, customer interfaces, and reporting.

Intuitively, we all know that Lean can and should be applied to more office challenges, but it isn't always clear how to apply them. Many of the instructors, books, lectures, and other resources have not done a particularly good job of making the translation for us.

I would like to affirm your intuition. Much of what you think or perceive about Lean in your office environment is true:

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1. Yes, there is a great deal of waste to be eliminated in the office, and Lean principles can help.
2. No, it is not obvious how to translate what you learned on the factory floor to the office.
3. Much of what you do in the office is not the same every time and so the Lean approach to measuring waste must be re-thought — similarly, “value” is not easily defined for processes that do not directly produce product.
4. Most of the intuitive solutions to pain in the office are distinctly not Lean.
5. Tasks within processes are often complex processes themselves.

If you have ever been through the adventure of trying to learn how to apply Lean to your office environment, perhaps the following conversation sounds familiar.

Office Leader: “I’m having difficulty applying your training to my problem.”

Lean Trainer: “You can do it. Lean works in the office too.”

Office Leader: “But I work on projects, not products.”

Lean Trainer: “It’s simple; make a pull system, standardize your work...”

Office Leader: “But my projects are different every time!”

Lean Trainer: “Well, where is your waste; how much *muda* do you have?”

Office Leader: “I don’t know. It’s different every time.”

Lean Trainer: “There’s always some variation. Did you walk the process?”

Office Leader: “No! It takes 8 months to ‘walk’ the process one time!”

Lean Trainer: “Well, do you have a value stream map?”

Office Leader: “Sort of. Look do you have an example from an office?”

Lean Leader: “Sure, here.”

Office Leader: “This is an order-entry process; it’s the same every time! It’s nothing like my problem!”

Lean Leader: “It’s not as complicated as you think.”

Office Leader: “It’s not as simple as you think.”

If you are laughing (or crying) right now, then it’s because you are familiar with this conversation. A quick question though: Who is right? The *Office Leader* or the *Lean Trainer*?

Applying Lean to office challenges is not as straightforward as the factory floor examples, but it can be done and it is very effective. The *Lean Trainer* and the *Office Leader* are both correct.

Let me briefly address each of the affirmations listed above and see if in doing so, we can’t break through some of the barriers and make it easier to transition contexts.

1. There is a great deal of waste to be eliminated in the office, and Lean principles can help:

Of the process improvement projects, changes, and efforts that I have either lead or personally accomplished, the ones with the greatest impact to the business were

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done on office — or “transactional” — problems. I have come to the conclusion that for large businesses, such as diversified corporations, there is more waste in the office and therefore, more cost-saving/money-making opportunities than there are in the production systems.

For example, I once led an effort to reduce a corporate sector’s product development lead-time. In the first wave of improvement effort, about a nine-month push, we removed four months (on average) from the process and significantly reduced the variation and outlier projects. Some crude math will show us what that meant.

The sector was approximately a \$6 billion business, with roughly \$1 billion coming from new products. There were about 12 projects in the product development pipeline at the time, which were now going to get done four months faster.

I want to make a point without turning this article into a math contest. Assuming that 12 projects are worth a collective \$1 billion dollars in revenue for their first year of launch, we can call that a monthly value of \$83 million per month. Now if we can launch those products four months ahead of schedule that’s an extra \$333 million in revenues for the business.

I know, we can argue about ramp-up periods for revenues from new sales, and look at profits instead of revenues, and of course we did all these things. I still object to the conservative, underestimated value we placed on the project.

Would you do a nine-month Lean project to make an additional \$333 million? Even \$500,000 in profit makes it worthwhile. If you want, we can also factor in the savings in manpower and overhead by eliminating four months from the process. I hope I’ve made my point.

We did it by performing an autopsy on a sample of recently finished projects of varying complexity. The product development process map and work breakdown structures from the projects were reconstructed into a value stream map. We interviewed the project teams and compared what was planned with what actually happened.

We separated out the systemic wastes from the flukes, and saved the flukes for another time. We used estimates and crude measurements. We did not spend 18 months measuring what happened on a single project.

We built charts to communicate how much of each category of waste we had, and determined where the greatest wastes originated. We identified several specific sub-processes to address, and we used Lean principles and common sense to change them.

I know that was a long string of statements, but I hope it provides a real example of the opportunities of removing waste from the office presents, and confirms that Lean tools can get it done. Don’t be fooled just because your business is smaller. The waste is there.

2. It is not obvious how to translate what you learned on the factory floor to the office:

One of the basic tenants of Lean is to look for the signs of waste, that waste is visible. In the factory we look for inventory or work-in-process as indicators of waste.

In the office waste is often invisible. This is because it doesn't exist on your desk, and doesn't take place in the hallways. It exists and takes place on the computer, in the network.

In the office don't look for the waste, feel for the pain. Ask around. Ask everyone what is painful to do. There is your waste. If people duplicate effort or have to do too much effort to get a simple thing done, rework stuff, or wait. In the office your waste is felt, not seen.

Also, your wastes take on virtual forms. For example, motion isn't always about walking around. Instead, it can be searching for files in the system. The person doesn't physically move, but they are wasting a lot of time and energy doing something that should be instantaneous.

Likewise, transportation, isn't just about sending packages, it's about any form of hand-off. This includes e-mails. The more something jumps from one person's workspace to another, the more you invite waiting and an opportunity for a defect.

It may not be obvious at first, but when you can break the code for how the different forms of waste manifest in a computerized, virtual office environment, you can really go to town with your Lean problem solving skills. Just remember that the work is no longer necessarily visible, but it is definitely felt.

This is the first part of a two-part series on Lean in the office. Check back tomorrow to read the second part.

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