

## LEAN IN PRACTICE – IMPLEMENTATION AND SUSTAINABILITY IVM CONFERENCE NEWS

The Institute of Value Management, Scottish Branch and Quality Scotland combined efforts to organise a showcase of 'Lean in Practice' in Stirling on 5<sup>th</sup> September 2006. Speakers from Industry Forum, Thales Optronics, Scottish Manufacturing Advisory Service, Weir Group, and Standard Life illustrated how lean works and discussed the real issues which deliver better production and service. Robert Farrelly, Quality Scotland welcomed 65 delegates and Mike Graham, IVM chaired the conference sessions.

### SOME KEY MESSAGES FROM THE DAY

#### Karl Smith - Industry Forum

- Lean is about establishing a framework to identify opportunity to eliminate waste.
- To get started it is vital to know what is value, what is not value, how your processes actually work to make value flow and how much time you spend adding value.
- The key to success is sound implementation of a framework which enables decisions based on a good understanding the measures around quality, cost and delivery. A typical failing is that people jump to select a tool and address individual problems out of context without getting to the heart of the real causes of the problems. Understand the whole business and allocate all the costs.
- Typical results from over 300 projects indicate a norm of better than 40% performance improvement against lean measures [non right first time; delivery schedule achieved; people productivity; stock turn; overall equipment effectiveness; value add per person; floor space utilisation.]

#### Paul Packard – Thales Optronics

- Lean requires an imaginative and challenging attitude. If you just go with methodologies and toolkits it does not work. It's about mindset and recognising different mindsets and cultures within different groups of people.
- Two simple metrics are very useful:  
$$\frac{\text{Value Adding Effort}}{\text{Total Effort}} \quad \text{and} \quad \frac{\text{Value Adding Lead Time}}{\text{Total Lead Time}}$$
- Plan ahead to get it right first time – there is a lot of effort in systems integration that is wasted when people try to rush towards production then debug. Even being very generous at least 50% of effort and time are non value adding.
- Lean focuses people on the real critical issues. People have always spoken with colleagues but lean gives focus.
- The key to getting started is about having a system to recognise customer values – this is not just specification, it's how we create value for our customer and end users.

#### Tom Wallace - SMAS

- Many businesses do not understand 'lean': it is vital to use language which people understand.
- A key to effective 'Lean' is preparation. Have a look at the current state in the organisation and consider waste (TIM WOOD: Transportation, Inventory, Motion, Waiting, Over-processing, Over-production, Defects).
- Use a simple analytical report, see the big picture and focus on what is important.

#### Alan Harrison – Weir Clear Liquid Division and Weir Group

- The Lean approach is a journey not a project
- Throwing money at what is not already efficient is a waste – eliminate or reduce non-value-added first.
- People need to understand and believe in what they are doing. There are some concepts which really challenge existing mindsets – understanding flow; understanding push and pull; understanding real customer demand, takt time (for synchronisation)
- Policy deployment is a very important and powerful tool to get people pulling in the same direction. People need focused objectives set in meaningful language
- Ten useful aspects to measure Lean before and after: cultural awareness; visual management and house keeping; standardised work; flexible operations; error proofing; quick change over capability; total productive maintenance; material control; level production
- The Weir model is based on Kaizen and is sustained by managing the transfer of leadership and ownership from senior management and facilitators to cell or department supervision and employees .
- The key to success is mindset. Alan's motto is: *'Do it and you will not fail; you can only fail to do it'*
- A key to sustaining the improvement is immediate coaching around failure – find out why things are not working and make changes to prevent repeat of a failure.

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### Allan Mees – Standard Life

- There are cultural issues in Britain which generate problems –
  - Managers do not understand the real problems faced by team members (Managers do not go to the Gemba)
  - Managers typically monitor targets then criticise when targets are not achieved
- Standard Life launched Lean via pull. It spread as people adopted it rather than being pushed from the top.
- There are some core differences between service and manufacturing industry – in manufacturing costs go down with standardisation whereas with service every customer must be treated individually and standardisation breeds dissatisfaction.
- The key to success is service for the customer when they want it
- Define requirements in customer terms and reflect exactly what the customer says (not your interpretation of what they say)
- Understand demand - value demand and failure demand – It's not untypical for 50% of demand to arise from past failures. Eliminating failure has an enormous impact.
- Understand how your measures influence behaviour. When measures and targets are not aligned to customer needs problems result
- Standard Life has taken some radical steps – e.g. getting rid of check lists as these generated substantial non value adding work and delay for the customer and allowing people to take as long as it takes to resolve a customer issue and get it right first time.
- Get started by allocating some of the workforce with training support to assess the situation and present the relevant data to management. Management can make an informed decision then workforce has ownership of implementation and enjoys results.

### AND SOME QUESTIONS ANSWERED:

Q Is SMAS funding tied to SME's?

A No any organisation can apply provided there are benefits for SME's in the supply chain. In addition there are separate sources of funding which large companies can attract e.g. to assist in regeneration. However, be aware funds are restricted and only the most appropriate cases are supported

Q How do you overcome resistance in changing mindsets?

A In general people will do things if they think these are worthwhile. Think about what you need to do so that your people believe new ways are worthwhile. Three models of approach might be helpful –

1. people are encouraged to do things as individuals
2. people are invited / allocated to identify the solution and make proposals to management
3. people are empowered to develop and spread solutions

Q How can you reconcile pressures within the Lean approach when your client has a heavy bureaucracy?

A This is a difficult situation where power and organisational culture outside your immediate influence impacts your environment. Try developing supply chain groups and working together to identify the real customer values. Lean requires imagination and can be difficult but it is well worthwhile outside manufacturing. Substantial gains are made by effective partnerships where the 'client' team works proactively as one of the partners serving the customer.

Q What sets your priority? / How can you prioritise efforts?

A Understand what really drives value for the customer and establish reliable measures of waste. Start by establishing the framework and the priorities will emerge. How you start and who starts has an influence – do managers decide? do those closest to the customer decide? do you conduct some top level value stream analysis first?

Information on Quality Scotland is available on the web at [www.qualityscotland.co.uk](http://www.qualityscotland.co.uk)

Information on Institute of Value Management is available on the web at [www.ivm.org.uk](http://www.ivm.org.uk)

Note by  
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