

Lean and Efficient: Is it achievable?

By Kara Sealy – Labour Management Advisor

Have you read the Moody's Investor Service report of April 01st, 2016? One point that was highlighted was the reported slow progress Barbados in making towards economic stability. What message should be derived therefrom for the 'remaining' business owners? What further precautions can businesses implement to ensure sustainability?

There are current extensive discussions around numerous greening initiatives that companies can undergo; and if I may add, this is one approach that the BEC strongly supports. Our week of activities which commences today, will be highlighting the aforementioned as one of the pillars of sustainable growth for the island. Visit our website www.barbadosemployers.com to view all our activities for the upcoming week!

Peter F. Drucker said *"the purpose of business is to create and keep a customer"*. In the business world, lean is defined as "a systematic approach to identifying and eliminating waste (non-value added activities) through continuous improvement by flowing the product at the pull of the customer in pursuit of perfection." (Green Suppliers Network, 2009)

Simply put, it means creating more value with fewer resources. Lean organisations tend to understand the value of the customer and seek to focus its key processes to continuously increase that value.

There is the premise that this concept mainly exists within the manufacturing industry but this is not the case. Some professionals resolve to viewing the concept as a way of thinking or acting for an entire organization as oppose to a tactic or cost reduction program.

Where or when is this approach considered most useful? This may be useful to process improvement where there is information shortage; multiple decision loops; numerous interruptions when completing tasks; a focus on expediting reports, purchases or similar outcomes; collection of work in batches before commencing tasks; or if information is lost between organizational units.

Is this approach even effective? Outside of the good reports on companies such as Nike and Fujitsu, numerous professionals have identified a few basic principles surrounding the lean process to ensure its efficiency. Womack and Jones (2005) particularly identified five principles that incorporate the efficiency and effective aspects of the lean approach. Namely:

1. Value: Companies should always seek to provide the value desired by customers. Identify what recipients value in your product or service. **Focus on your customer.**
2. Value-stream mapping: A value-stream map is where you specifically map the process that produces the product or service. Steps in the process can be placed in one of three categories: those that add value from the customers' perspective, those that are necessary for organizational or administrative functions, and those non-value added steps in neither category.

One should consider including information in the mapping such as the daily or weekly demand for the product or service; the length of time it takes to complete each step; the number of persons trained to complete this step; how many persons are needed to meet the daily or weekly demand; how long it takes to prepare for each step; and the waiting time between each step. Focus on eliminating non-value added steps and reducing resources expended on administrative steps. **Identify how the work is done.**

3. Flow: Set up the process so that production of the product or delivery of the service is a continuous flow of work in an integrated work unit. From the time the recipient asks for the product or service until the time it is delivered, there should be no waiting time between steps. As much as possible, eliminate batch processing. **Remove inefficiencies and waste.**

4. Pull: Let the recipient pull your product or service, don't push it to them. When the recipient asks, respond with initiation of the product or service, rather than preparing it in advance. **Track numbers and manage by evidence.** In a recent business luncheon, the presenter made the strong point on the importance of data analytics. Use data collected to your advantage.

5. Perfection: Search endlessly for perfection. Continue to look for ways to increase the value of the product or service to the recipient. **Be systematic.**

Note, although most persons are familiar with the lean approach within the manufacturing sector, the principles can equally be applied to service organisations. While the lean principles involve eliminating waste, and therefore using less labour, materials, space and time to reduce costs, some companies take the process a step further and pass some of these savings onto their customers to add value for money.

In summary, one of the current approaches to improving productivity is said to be the lean approach. Is it effective? Depends. What is the goal or vision for your company? In everything there are pros and cons but it is imperative to remember that you may never know what results come of your action, but if you do nothing there will be no result. Come join us at one of our events this week as we celebrate our continued dedication to building a strong and harmonious industrial relations climate.