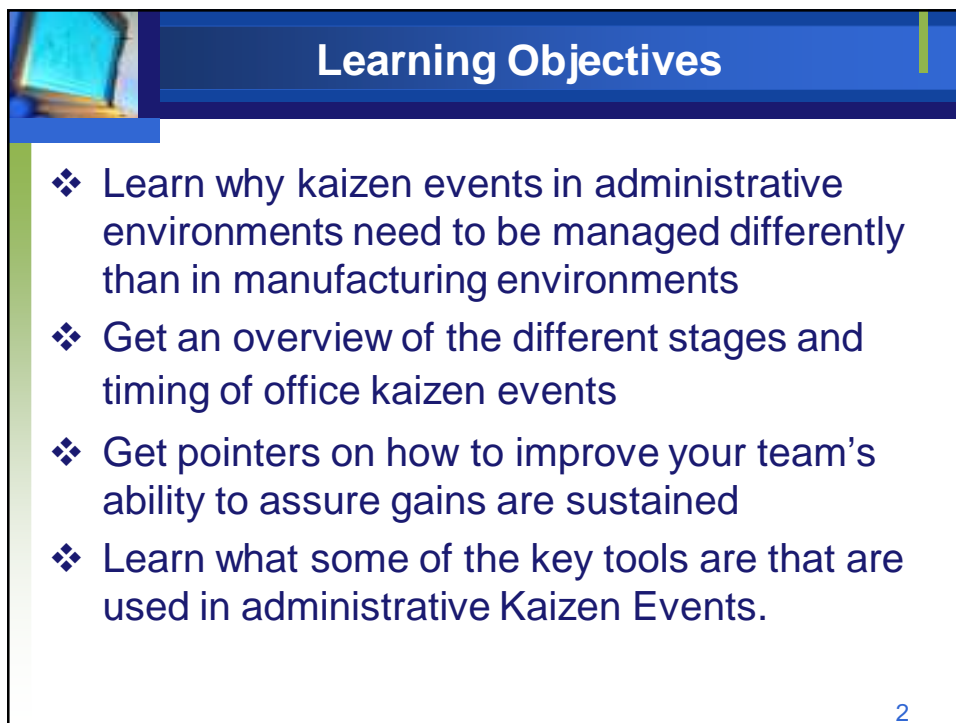




**White Collar Lean
Kaizen Events for the Office**

May 19, 2011
San Gabriel Valley APICS
Mike Osterling
mike@mosterling.com
619-572-3632



Learning Objectives

- ❖ Learn why kaizen events in administrative environments need to be managed differently than in manufacturing environments
- ❖ Get an overview of the different stages and timing of office kaizen events
- ❖ Get pointers on how to improve your team's ability to assure gains are sustained
- ❖ Learn what some of the key tools are that are used in administrative Kaizen Events.

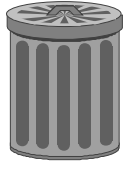

2



The slide has a blue header bar with the title "Kaizen Event – Definition" in white, sans-serif font. To the left of the title is a small, square image of a whiteboard with a blue grid. The main body of the slide is white with a thin green vertical bar on the left side. The definition text is in a dark blue, sans-serif font, with the words "fully implements" in red, bold, italicized font. Below the definition is the citation: "Karen Martin & Mike Osterling" and "The Kaizen Event Planner, 2007" in a smaller, dark blue font. At the bottom left, there is a small copyright notice: "© 2008 Mike Osterling and Karen Martin". At the bottom right, the number "6" is displayed in a small, dark blue font.

Kaizen Events - The Concept

- ❖ **Rapid Implementation** (during the event)
 - One piece flow in project execution
- ❖ Short duration, but 100% of time (typically 2 - 5 days)
- ❖ Focused improvement activity
 - Aggressive, measurable objectives
- ❖ Employee engagement – those who know the process best
 - Learning through doing
- ❖ Low cost
 - Define and exploit the “technical boundaries” of existing resources
 - Creativity before capital

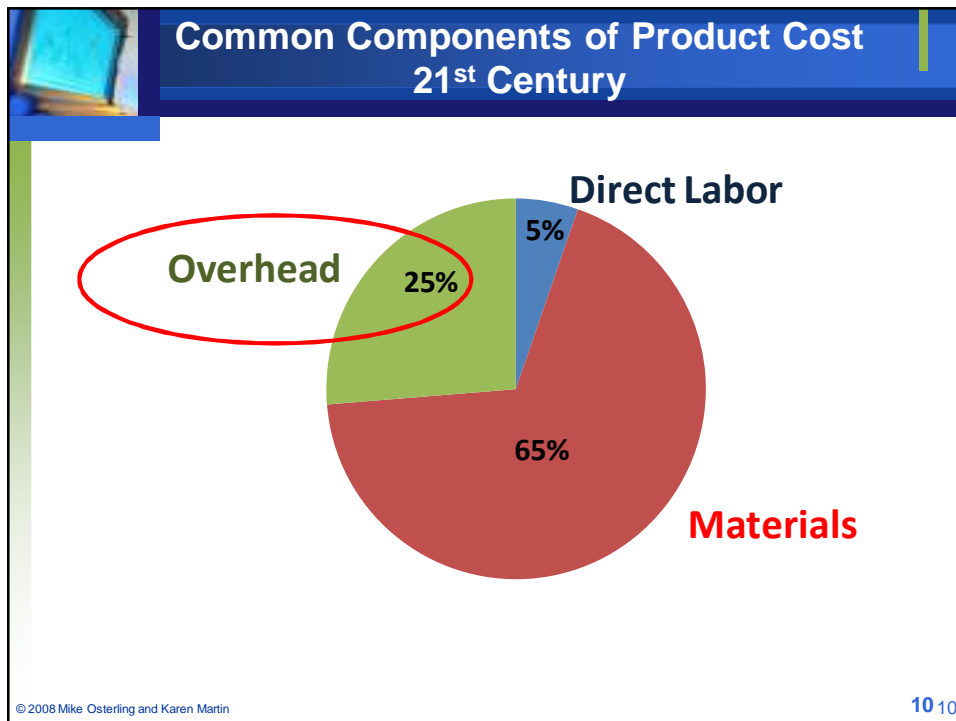
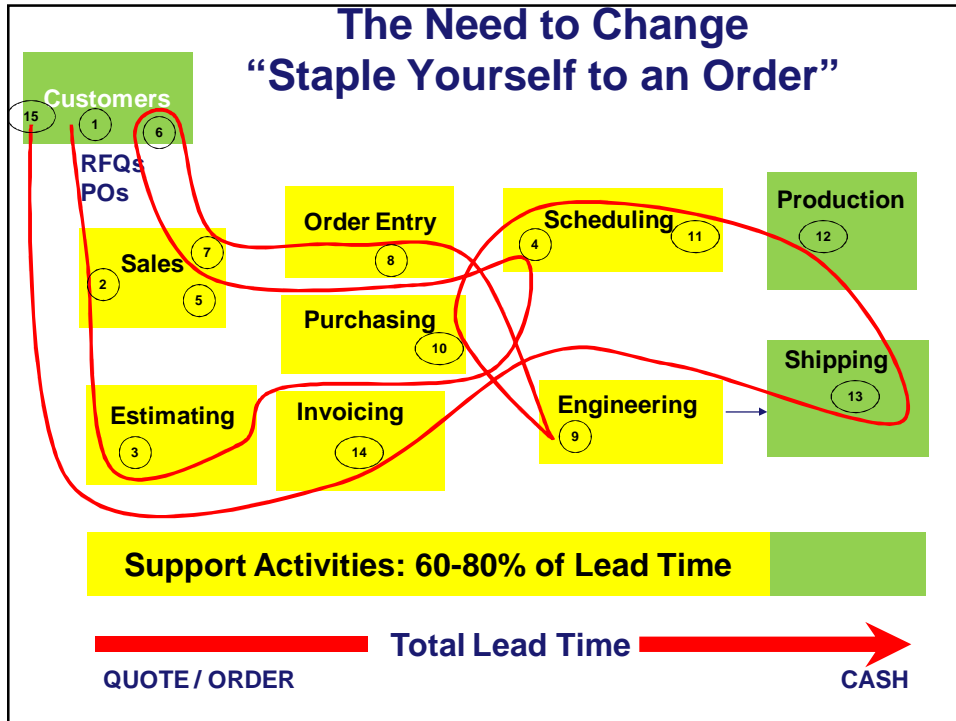


7

Kaizen Event Objectives

- ❖ Waste elimination / reduction to create flow
 - Eliminate unnecessary non-value-added activities
 - Minimize necessary non-value-added activities
 - Optimize value add activities
- ❖ Reduce lead time and process time
 - Lead time = elapsed time; throughput time; turnaround time
 - Process time = compressed process time; touch time
- ❖ Improve quality
- ❖ Develop employees, improve morale & increase job satisfaction

8



Sample Results – Office & Service Kaizen Events

Process	Industry	Before	After	% Improvement
Order entry	Consumer goods (manufacturing)	LT = 22 hours (2.75 days) PT = 43 minutes	LT = 2.5 hours PT = 41 minutes	89%
Documentation release	Capital equipment (manufacturing)	LT = 17 days %C&A = 0%	LT = 12 days %C&A = 50%	29% 50% reduction
Cost estimating	Construction	LT = 40 days	LT = 15 days	63%
Sales order processing	Medical Devices	LT = 3.2 days	LT = 4 hrs	84%
Purchase Order	Aerospace (manufacturing)	LT = 21 days	LT = 8 days	62%

11

Kaizens work great in manufacturing, but aren't we different?

- People/Culture/Organizational Structure
- Product produced
- Process-related Issues
- Performance, measurement & and monitoring

12

Activity

- ❖ Five minutes with your neighbor:
 - Identify and discuss at least three different ways in which office process improvement is different than shop-floor improvement activities

13

Typical Office Environment People / Culture / Org Structure Issues	
Issue	Addressing within Kaizen Event
<i>Silo'd organizational structure / silo'd thinking</i>	Cross-functional team composition generates more effective solutions
Lack of problem-solving skill set	Practice the use of PDCA to address actual issues
<i>Inexperience moving quickly – fast decisions, fast implementation</i>	Demonstrated application of fast decision making & rapid implementation
Staff not used to change	Kaizen events are a rapid change, “can-do” environment
High degree of personal ownership	Expose workers to the whole process, and how optimized performance can only be achieved through addressing the whole

White Collar Lean - Kaizen Events for the Office

Typical Office Environment Product-related Issues

Issue	Addressing within Kaizen Event
Inexperience defining product / output	Discussing immediate/internal customer requirements
Product not visible	Use of visual improvement tools to help see the product flow – from beginning to end
<i>Disconnected from both internal and external customers</i>	Gain understanding re: internal input and output requirements Learn how to analyze processes from the external customer's perspective
<i>High variation in customer needs / requirements</i>	Identify and standardize work that is common; checklists to help identify how to address varying needs

Typical Office Environment Process-related Issues

Issue	Addressing within Kaizen Event
Lack of awareness of customer–supplier relationships	Metrics-Based Process Mapping (MBPM) highlights these relationships and performance at each step in the process.
<i>Co-mingling of policy and procedure</i>	Highlights relationship between policy and procedure; provides opportunity to change policy quickly
High degree of multi-tasking	Highlights the flow-stopping aspects of multi-tasking; begins to shape future organizational thinking
<i>Belief that work shouldn't and can't be standardized</i>	They learn that you can create a standard work “spine”

Typical Office Environment Performance, Measurement, Monitoring Issues

Issue	Addressing within Kaizen Event
<i>Little history of process and performance measurement / lack of data</i>	Introduction of time and quality metrics; data-driven decisions
Quality isn't typically measured	Introduction of %C&A and RFPY metrics
Sub-optimization due to silo'd problem solving	Emphasis on improving the overall process, not just performance within specific steps
<i>More difficult to see the waste</i>	Training and facilitation on identification of "value-add," "necessary non-value add," and "unnecessary non-value add" activities

Kaizen Events Stages

- ❖ Pre-Event Activities (Planning)
- ❖ Event Activities (Execution)
- ❖ Post-Event Activities (Follow-up)

Pre-Event Activities

- ❖ Kaizen Charter – start 4 weeks before the event. Iterative process.
 - Scope it
 - Staff it
 - Schedule it


19

Standard Work For Kaizen Event Preparation

Kaizen Event Charter		License Agreement	
Event Scope		Leadership	
Value Stream	Executive Sponsor	Dates	
Event Name	Value Stream Champion	Start & End Times	
Specific Conditions	Facilitator	Location	
Process Trigger	Team Lead	Interim Briefings	
First Step	Event Coordinator	Workforce Training	
Last Step		Team Presentation	
Event Boundaries & Limitations			
Event Drivers / Current State Issues		Team Members	
	Function	Name	
1	1		
2	2		
3	3		
4	4		
Event Goals and Objectives			
1	5		
2	6		
3	7		
4	8		
5	9		
	10		
Potential Deliverables		On-Call Support	
	Function	Name	
1	1		
2	2		
3	3		
4	4		
5			
Possible Obstacles		Approvals	
	Executive Sponsor	Value Stream Champion	Facilitator
1			
2			
3			
4	Signature:	Signature:	Signature:
	Date:	Date:	Date:

Red circles and text annotations on the form:

- What & Why:** A red circle encompasses the 'Event Scope' and 'Event Drivers / Current State Issues' sections.
- When:** A red circle encompasses the 'Schedule' and 'Event Goals and Objectives' sections.
- Who:** A red circle encompasses the 'Leadership' and 'Team Members' sections.



Kaizen Charter - Scope

- ❖ What Value Stream are we working on?
- ❖ Where does the process begin and end?
- ❖ What barriers / boundaries will we be working within?
- ❖ What are the goals and objectives?

Initiates communication; *drives engagement and promotes early buy-in* of functional leadership early in the process

21



Kaizen Charter – Staffing

- ❖ Event leadership
 - Executive Sponsor
 - Value Stream Champion
 - Facilitator
 - Team Lead
 - Coordinator
- ❖ Team
 - Process owners
 - Subject matter experts
 - Outside eyes
- ❖ Support team


22



Management / Leadership Engagement

- ❖ Agreement that there is a problem
 - And a need to address it
- ❖ Support the activity
 - Appropriate people are on the team
 - Team is empowered – has authority to make changes (and make mistakes)
 - Coverage for team members as required
 - Stay abreast of what is going on
 - Engaged in charter development
 - Attend debriefs and final report
 - Monitor process after improvements put in place

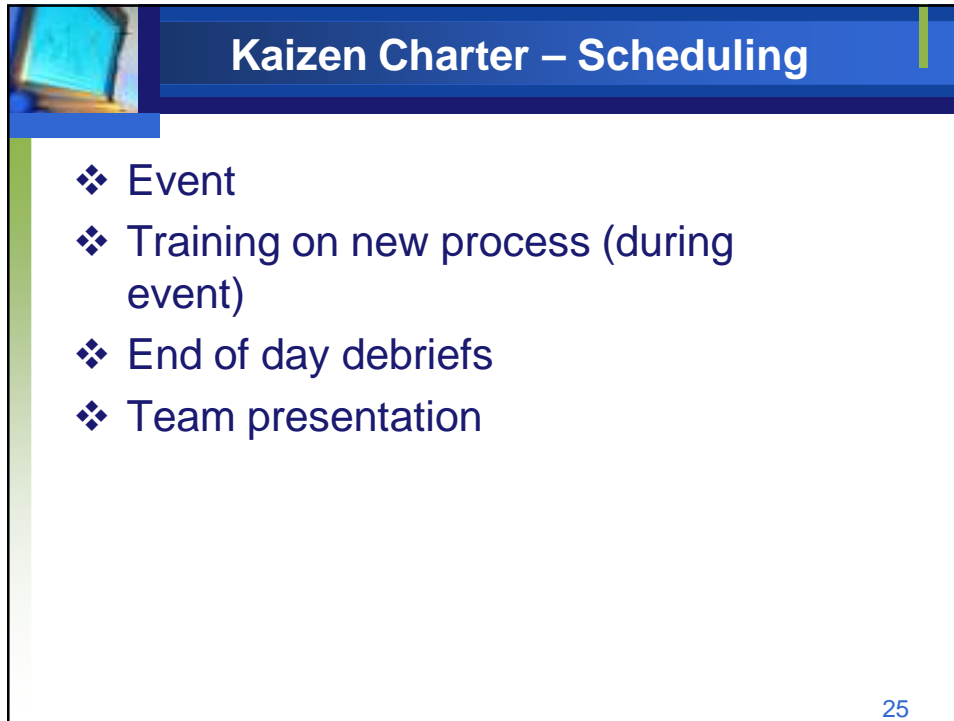
23



The Kaizen Team

- ❖ “Sequestered jury” - no more than 10
- ❖ Cross-functional composition
 - Process workers (upstream & downstream representation, internal & external)
 - Subject matter experts & admin support
 - The “influencers”
 - Outside eyes
 - Others (union, management, trainees...?)
- ❖ Obtain direct supervisors’ agreement first
- ❖ Must be relieved of regular duties

24




Kaizen Charter – Scheduling

- ❖ Event
- ❖ Training on new process (during event)
- ❖ End of day debriefs
- ❖ Team presentation

25

Preparation & Logistics


Kaizen Event Planning Checklist				
Executive Sponsor			Event Name	
Value Stream Champion			Event Start Date	
Facilitator			Coordinator	
	Activity	Due Date	Owner	Comments
<input checked="" type="checkbox"/>				
4 Weeks Prior				
3 Weeks Prior				
11	<input type="checkbox"/> Finalize Kaizen Event charter and gain approval.			
12	<input type="checkbox"/> Distribute approved Kaizen Event charter.			
13	<input type="checkbox"/> Review Event scope and determine which current state data and metrics needs to be collected and assign accountability (e.g. volumes, metrics, service levels, survey results, etc.)			
14	<input type="checkbox"/> Identify potential functions / individuals that may need to receive training on the improvement process be trained during Kaizen Event and send notification email to them.			
15	<input type="checkbox"/> Prepare training materials for the event (including lean overview and relevant tools).			
16	<input type="checkbox"/> Identify potential on-call resources (people and/or supplies) and time commitment required of those resources.			
17	<input type="checkbox"/> Send communication to area staff, as well as "involved" internal customers & suppliers, advising of upcoming Kaizen Event.			
18	<input type="checkbox"/> Post Kaizen Event charter. Solicit improvement ideas from stakeholders (include upstream and downstream workers, too).			
19	<input type="checkbox"/> Follow-up with people who haven't RSVP'd re: their participation.			
20	<input type="checkbox"/> Schedule senior leadership representation for event kick-off.			



3-Day Kaizen: Sample Structure

Day 1 & 2 <i>Plan</i>	Document / Process map current and future states (with metrics)
Day 2 & 3 <i>Do, Check</i>	Design & test improvements using Lean tools; obtain buy-in
Day 3 <i>Check, Act</i>	Finalize improvements; train process workers and affected stakeholders; provide closeout briefing; CELEBRATE!

27



Common Tools Within Office Events

- ❖ Understanding the Process
 - Go to gemba!!!!
 - Metrics-based Process Mapping
 - Spaghetti diagrams

28

Current State: Finding the source of waste – investigations...




29

Understand the Current State: Metrics-Based Process Mapping

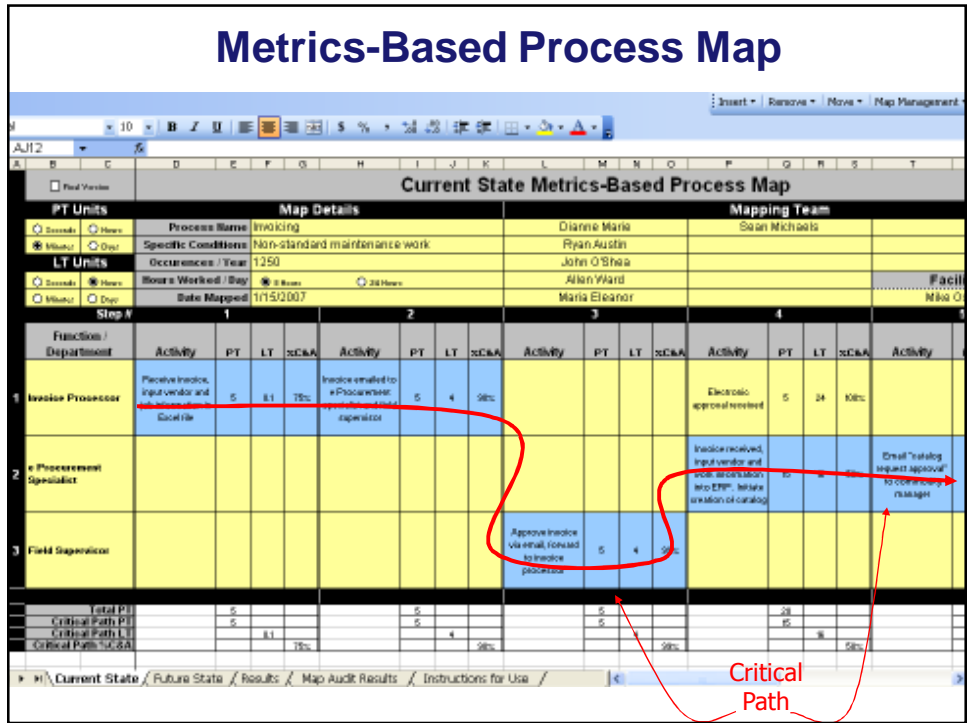
Process level - detailed map

- Swim lanes (by function)
- Metrics:
 - Lead Time (LT)
 - Process Time (PT)
 - Quality - %C&A
% Complete and Accurate



30

White Collar Lean - Kaizen Events for the Office

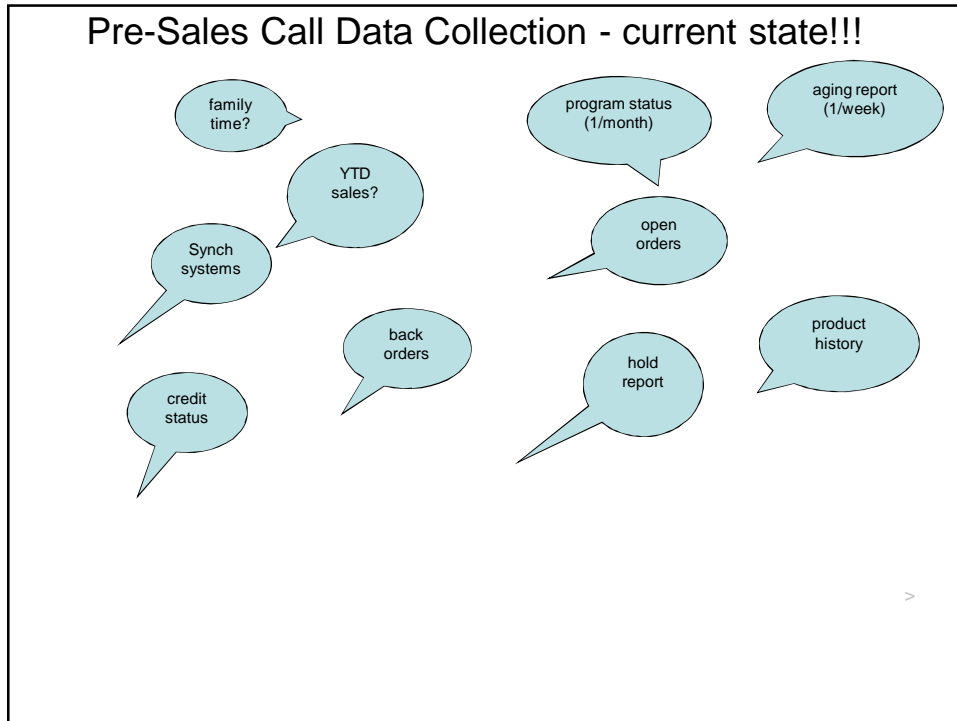


Summary Metrics

Metric	Current State
Critical Path PT Sum	57 minutes
Critical Path LT Sum	14 days
Rolled First Pass Yield	32.0 %
Activity Ratio	0.85 %
# of Steps	18 steps

32

White Collar Lean - Kaizen Events for the Office



5S on the Data Report

<p>Sort</p> <p>Interview/survey reps and IT; sort out all reports received and timing of data; identify data that is useful for the reps to have a successful sales call.</p>	<p>Standardize</p> <p>The new data report could become the standard for reps as a best practice when preparing and meeting with their customers.</p>
<p>Store</p> <p>Data report organizes data on one page with most of what the reps requested for the sales call; added visual aids, links to details and information previously not easily accessible.</p>	<p>Sustain</p> <p>Hand off to sales administration.... Opportunity to still enhance the data report and the sales planner with ideas or recommendations from sales management</p>
<p>Shine</p> <p>Data report has ability to pull data currently, so as data is updated nightly the reps data should be only a day old.</p>	

Summarized Data Report



- Program Status (current)
 - Terms
 - Credit Status
 - Customer Aging (current)
 - Recent Payments
 - Product history (3 years)
 - Open Orders
 - Back Orders
 - YTD Sales
- More detailed information still available in

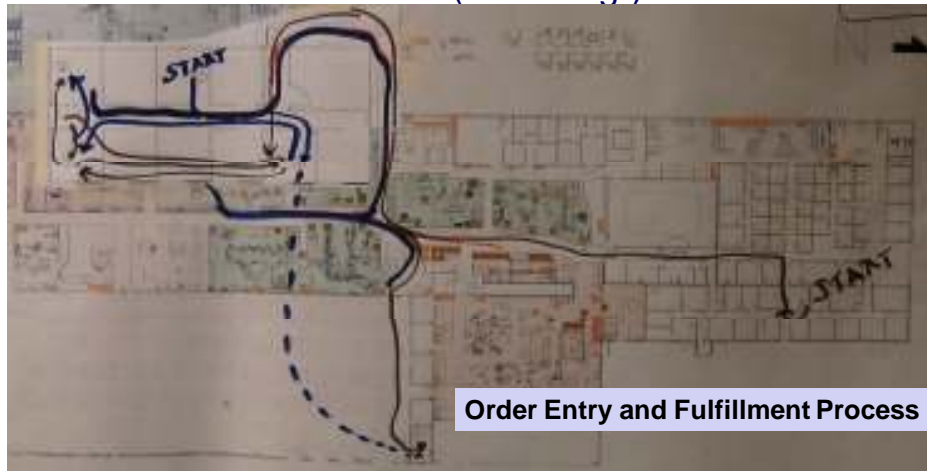
Current State: Finding the source of waste – investigations...



36


Investigate – Spaghetti Diagrams

- Visualize travel of:
 - People
 - Product (“the thing”)



Common Tools Within Office Events

- ❖ Once we understand the problem... Identifying root cause so appropriate counter measures can be designed
 - Ask “why” five times
 - Cause-and-effect diagrams
 - Check sheets
 - Pareto charts






Problem Solving Jefferson Memorial - True Story

Problem:
Excessive amounts of bird droppings required the monument to be pressure washed much more frequently than other memorials, causing erosion and deterioration of the granite.

How to keep the birds away?

- Elaborate system of spikes and nets (high cost solution)
- Loud noises to chase off the birds (and tourists)
- Kill the birds
- Or, let's ask "why?" several times...



Jefferson Memorial – 5 Why

1. The granite at the Jefferson Memorial is eroding and deteriorating faster than similar monuments. Why?
2. It is being power washed more frequently. Why?
3. The amount of bird droppings are more than other locations. Why?
4. There is an abnormally high population of spiders living under the roof line which the birds are feeding on. Why?
5. Because the spiders are feeding on an unusually high number of mating midge flies. Why?
6. The spot lights that illuminate the memorial attract the midges (of both sexes) during their peak mating period – just before dusk (resulting in a very high population of midge flies!)

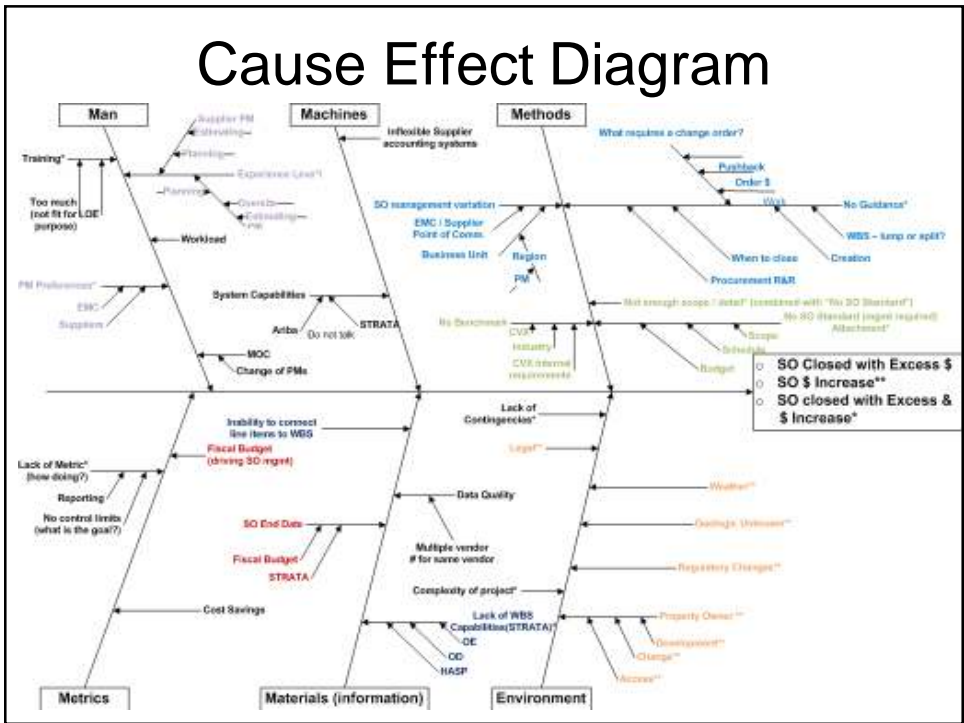
Solution: The automatic lights were reset to turn on shortly after dusk, resulting in: Less mating. Fewer flies. Fewer spiders. Fewer birds. Less droppings. Fewer power washings. Less wear and tear.

40

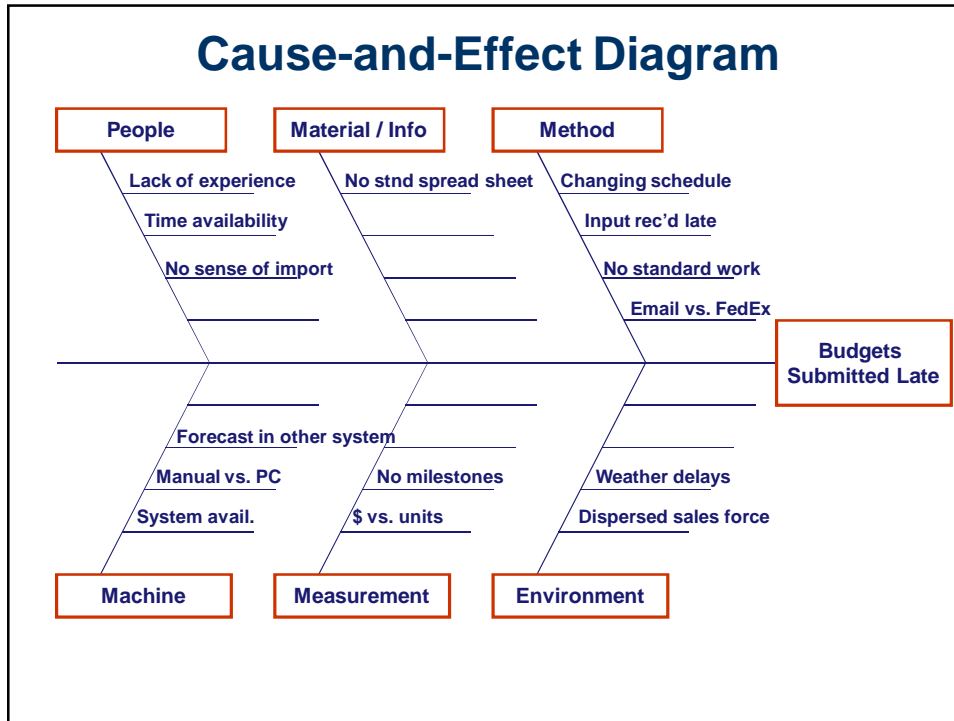
5 Why Technique

- ❖ Ask “why” five times in order to identify the true root cause of a *less complex* defect or a problem
 - Avoids the tendency to only correct the symptoms
 - By identifying the true root cause, reoccurrence of the problem should be avoided
 - May require more or less than five whys
 - Stop when get to something we can control
 - The real root cause should point towards a process - what are we going to do differently in the future so the problem does not reoccur?
- ❖ Complex issues require more structure

41



White Collar Lean - Kaizen Events for the Office

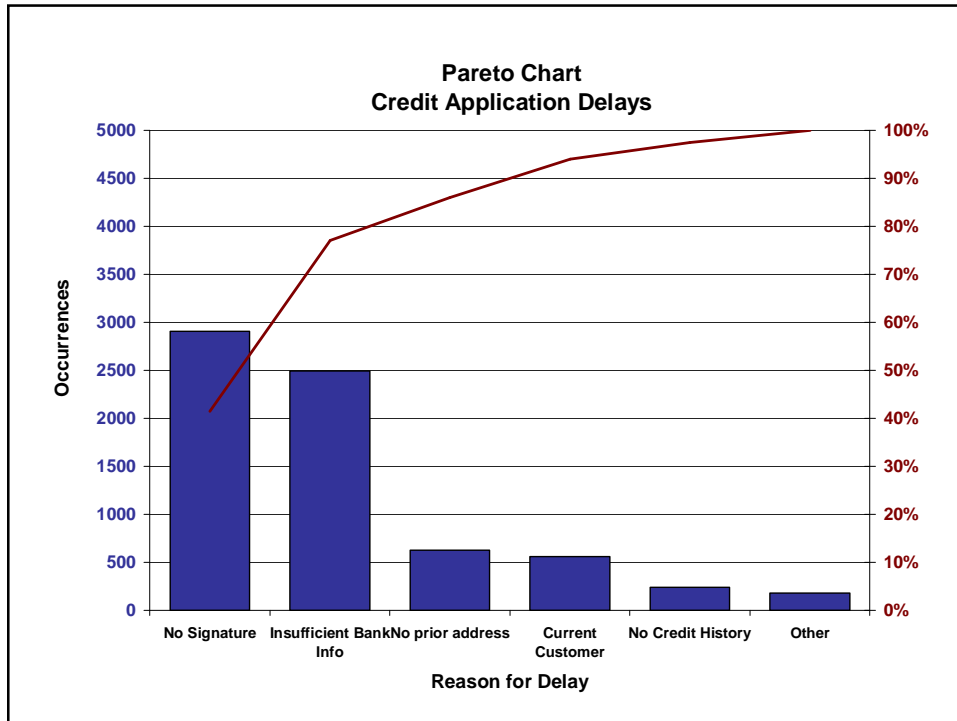


Tools to Find Root Causes

Check Sheet: Late Shipments Quantify Occurrences

Reason	Tally						
Material shortage							
Quality issue requiring rework							
Staffing/absenteeism							
Order entry error							
Changing customer requirements w/ no adjustment to expected delivery							
Equipment failure							

White Collar Lean - Kaizen Events for the Office



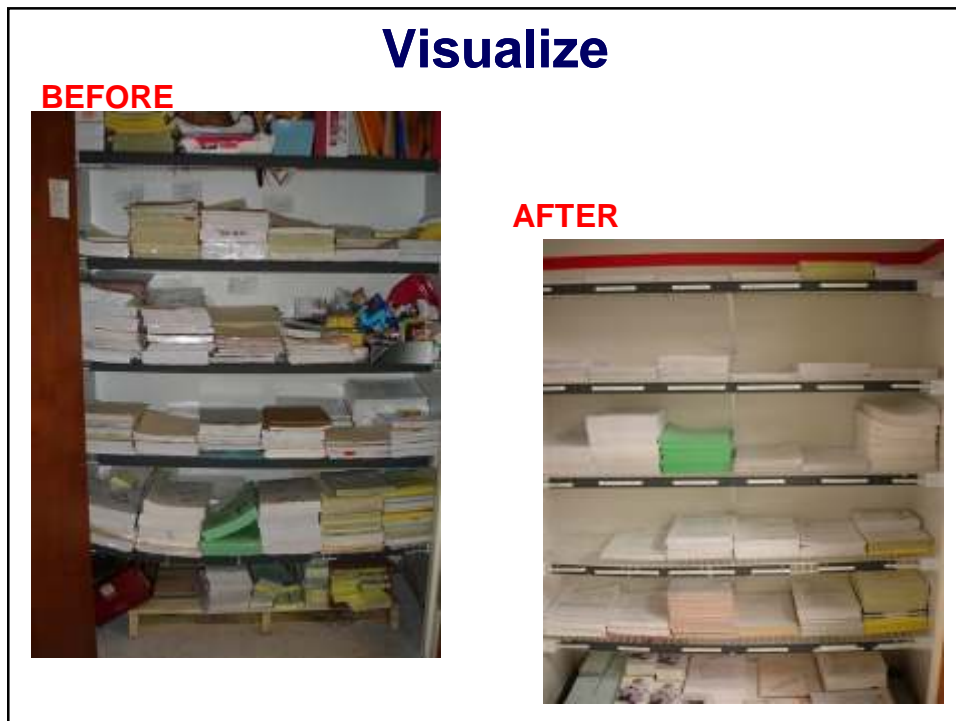
❖ With a common understanding of what the actual problems is, and analysis performed to identify root cause... **now** we are ready to put in place countermeasures

46

Commonly Used Lean Tools

- ❖ **Process redesign**
 - ❖ Eliminating non-value-added approvals, review cycles, rework loops, etc.
- ❖ **Standard work**
 - ❖ Incorporating best practices / expedited practices
 - ❖ Checklists, routers, visual aids, etc.
- ❖ **Simple IT solutions**
- ❖ **Visuals**, and organized workplace
- ❖ **Co-locating** cross-functional team members
- ❖ **Work balancing** via work redistribution and cross-training

47



White Collar Lean - Kaizen Events for the Office



Standardize – Visual Aids

Order Entry

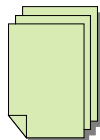
1. Faxed Order Received from Machine
2. Go to Sales Order Entry Screen in Relevant:
 - a. Start the entry process by clicking on the new page symbol in the upper left hand corner
 - b. Find Customer Number by clicking onto the magnifying glass next to customer name. A list will then appear giving customer names and numbers. Pick the appropriate customer from this list.
 - c. To ensure that you have the correct customer account click on the ET Address tab on the Sales Order Entry page and the Bill-To - Address will appear. Verify that this matches the Bill to on the PO.
 - d. Enter PO number and then hit the Green Check to accept the data.
3. At this point the account could go on Hold. (The words **Credit Hold** will appear at the top of the page.)
 - a. If you are on the phone with the customer inform them of the problem and let them know that it can be cleared up by contacting the Accounts Payable Department.
 - b. If this is a faxed order contact Accounts Payable to find out why the customer might be on hold and then notify the customer of the problem.

Standardized Marketing eMail

This

Became This

"Team,
Attached is exciting \$100 promotion for the XXX products. Every set products you sell, your customer gets \$100 in Promo Bucks to be used toward the purchase of our products. Promotion Bucks must be used this year on standard products.
Details of how the promotion works are attached above in the 3 PDF's:
Sales Sheet – overview of promotion details
8.5" x 11" Frame Graphic – inserted in acrylic frames and/or to print
Redemption Form – to complete with purchase"



Dear Retailer,

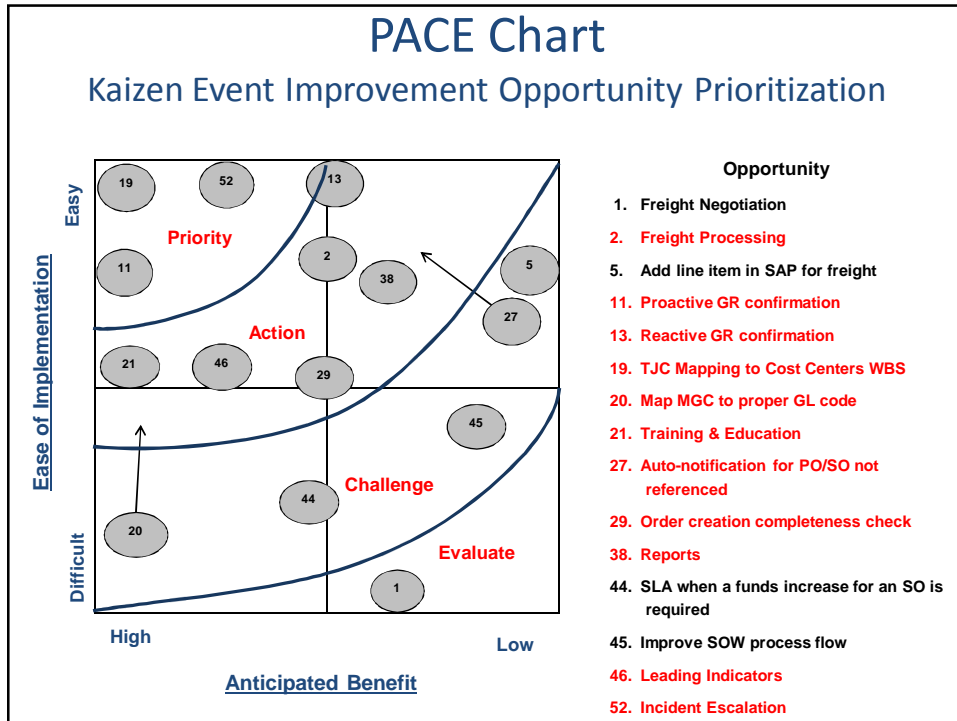
XYZ is excited to announce a new retail promotion, "Promo Bucks" featuring the XXX products.

Activated and planned to run parallel to the "Promo Bucks" promotion, it will offer consumers who purchase a set of XXXs a \$100 in-store credit to be used for the purchase of any XYZ products. The promotion will run May 7 through July 31, 2010.

POS items for "Promo Bucks" promotions are available through your local XYZ sales representative and promotional assets are also available at the XYZ web site at: <https://media.XYZinc.promobucks/>

Thank you in advance for your support of this exciting new retail promotion!

White Collar Lean - Kaizen Events for the Office



During the Event - Process Checks

Interim Briefings to leadership

- ❖ Every day or two
- ❖ Leadership's role – not to say “no”
 - To say “Have you considered this?” “How would we handle...?” “What if...?”
- ❖ Team “sells” their ideas and gains support by demonstrating how well thought out their ideas are
- ❖ Leadership begins to “let go” of micromanagement and transition into stronger leadership roles


54



Communication is Critical - Throughout

- ❖ Pre-Event
 - Communicate upcoming event & schedules
 - Solicitation of participants
 - Notice to entire workforce soliciting upfront input
- ❖ During the Event
 - Leadership kickoff
 - Interim briefings
 - Real-time training
 - Final report-out
- ❖ Post-Event
 - Distribute and post results (event report)
 - Monitor process
 - Periodic team meetings
 - 30-day audit and report-out


57



Keys to Success

- ❖ Full time representation of all critical functions
 - Relieved of daily duties
- ❖ Once Kaizen Charter is finalized, no new team members added unless TEAM requests them
- ❖ No observers
- ❖ No more than 10 on Kaizen team
- ❖ No SMEs involved unless trained in Lean
- ❖ Start and end together – and on time


58



Kaizen Event “Do’s”

- ❖ Keep team in the room
- ❖ Keep the team well fed 😊
- ❖ Keep the team motivated
- ❖ Keep the team on task – *do it now!*
- ❖ Help the team keep perspective
- ❖ Use psychology – remember human nature
- ❖ Engage naysayers – use 5 why’s and “what if’s”
- ❖ Encourage “Yes, if...” thinking
 - Discourage “No, because...” and “can’t”
- ❖ Use brainstorming rules
- ❖ Require team to respect one another
- ❖ Celebrate the team’s success!

59



Kaizen Event “Don’ts”

- ❖ Avoid / minimize interruptions
- ❖ Avoid “kaizen creep” (expanding scope)
- ❖ Avoid under-training process users on new process steps
- ❖ Don’t underestimate the need to educate and sell, sell, sell new concepts – WIIFM (What’s In It For Me)?
- ❖ Don’t use Kaizen Events as a prelude to reductions in work force

60

Learning Objectives

- ❖ Learn why kaizen events in administrative environments need to be managed differently than in manufacturing environments
- ❖ Get an overview of the different stages and timing of office kaizen events
- ❖ Learn what some of the key tools are that are used in administrative Kaizen Events.
- ❖ Get pointers on how to improve your team's ability to assure gains are sustained

61

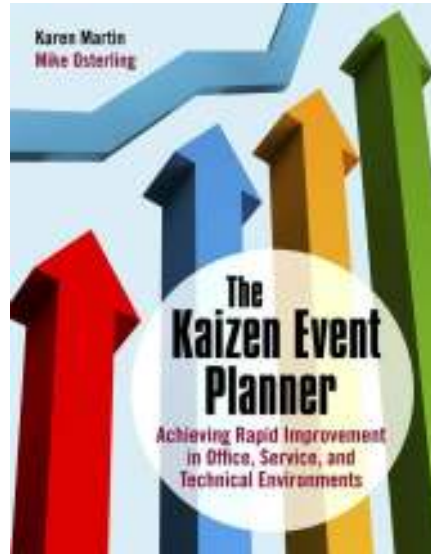
Wrap-up

- ❖ Comments or Questions????
- ❖ For a free pdf file containing many kaizen event planning and execution templates, leave me your business card or drop me a note at <http://mosterling.com/contact.php>



62

**Office Kaizen Event Resources
by Mike Osterling & Karen Martin**



63

Lean Resources

- ❖ *The Kaizen Event Planner: Implementing Rapid Improvement in Office, Service and Technical Environments*, Karen Martin & Mike Osterling, Productivity Press, 2007.
- ❖ *Metrics-based Process Mapping: An Excel-based Solution*, Karen Martin and Mike Osterling
- ❖ *Staple Yourself to an Order*, Shapiro, Rangan and Sviokla, Harvard Business Review July-August 1992
- ❖ *The Complete Lean Enterprise*, Beau Keyte & Drew Locher

64



For Further Information



Mike Osterling, Lead Consultant
(619) 572-3632

mike@mosterling.com

www.mosterling.com