Objectives

• Learn how to improve leadership alignment
• Hear why most Value Stream Mapping (VSM) activities don’t achieve their full potential
• See who is involved, and when, in successful VSM activities
• See how VSM connects lean philosophy, lean operating system and lean management
• This is **not**: How to / mechanics of creating VSMs
Experience Level

- Never heard of Value Stream Mapping
- Aware / knowledgeable
- Mapped / been on teams
- Facilitated mapping

Speaker Qualifications

30 years of operations experience
- Lean Certified, CPIM, MBA, Lean Six Sigma Black Belt, Lean Certification instructor @ SDSU and UCSD
- 18 years internal: Materials, Manufacturing and CI
- Consulting since 2001 (mom & pop to Fortune 10 clients)
  - Facilitated 100s of Kaizen Events and Value Stream Mapping teams
- Author:
  - Value Stream Mapping
  - The Kaizen Event Planner
Realizing the Full Potential of Value Stream Mapping

Lean Throughout the Organization

Philosophy
(How we think & behave)

Operating System
(Execution)

Management System
(Develop & Improve)

Five Lean Principles

1. Value
2. Value Stream
3. Flow
4. Pull
5. Perfection

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Small Team Activity

- Small groups (2 or 3 people)
- Discuss:
  “What is the purpose of Value Stream Mapping?”
  3 Minutes

Purpose – “Learning to See”

- Purpose – Improve overall performance
  
  **Value Stream Thinking**
  
  - Leadership alignment
  - Common understanding of current state issues
  - Collaboration on what it could be
  - Agreement on how to get there
  - Commitment to see it through
What is a Value Stream

All of the activities, both value-adding and non-value-adding, required to transform a customer request into a completed service or deliverable.

Moving across the silos

Sales ➔ Design ➔ Produce ➔ Install
Request ➔ Recruit ➔ Select ➔ Train

Value Stream
Reflect

Discuss with your neighbor:

 On a scale of 1-10, how good is your organization at improving the complete Value Stream? (write it down)

 If below “10” what do you think some of the causes are? Make a list

5 Minutes

Common Root Causes
Ineffective Value Stream Improvement

- No Charter
- Front line
- Poorly socialized
- Map Everything (too many CS maps)
- No Follow-up / action
- Not part of planning
- No agreement
- Not invited
- Low Priority
- No Plan to Achieve Future State
- Takes Too Long to Create
- Not talking to workers
- Limited Gemba
- Use for Tactical Improvements
- Not Connected to Strategic Goals
- Not on Mapping Team
- Delegated
- Don’t “Get it”
Common Root Causes – Method

- Ineffective VS Improvement
  - Too Detailed
  - CS Critiqued to Death
  - Limited Gemba
  - Not talking to workers
  - Takes Too Long to Create
  - No Plan to Achieve Future State

- VSM Phases
  - Prepare
  - Understand Current State
  - Design Future State
  - Develop Transformation Plan
  - Execute Transformation Plan
  - Repeat
Realizing the Full Potential of Value Stream Mapping

Addressing Root Causes
Pre-mapping

Alignment of purpose
1. Sponsor & champion
2. Start early
3. Scope
4. Define problem / purpose / target
5. Decision makers on team
6. Socialize across silos

value stream mapping charter

<table>
<thead>
<tr>
<th>Scope</th>
<th>Accountability Parties</th>
<th>Logistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value Stream</td>
<td></td>
<td>Event Dates &amp; Times</td>
</tr>
<tr>
<td>Capital equipment</td>
<td>Executive Sponsor: Allen Ward</td>
<td>July 24-26, 2013</td>
</tr>
<tr>
<td>Engineer to order, requires both hardware &amp; software customization</td>
<td>Value Stream Champion: Nancy Little</td>
<td>8:00 am - 5:00 pm</td>
</tr>
<tr>
<td>Demand Rate</td>
<td></td>
<td>Basecamp Location</td>
</tr>
<tr>
<td>1,000 per year</td>
<td>Facilitator: Dave Parks</td>
<td>Surf's Up - Room A</td>
</tr>
<tr>
<td>Trigger</td>
<td></td>
<td>Multi Provided</td>
</tr>
<tr>
<td>Customer submits RFQ</td>
<td>Logistics Coordinator: Dave Parks</td>
<td>Continental breakfast &amp; lunch</td>
</tr>
<tr>
<td>First Stop</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales reviews the RFQ</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Last Step</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production ships product</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Boundaries &amp; Limitations</td>
<td>No new software; only minor changes to existing IT systems; no additional staff; no budget changes</td>
<td></td>
</tr>
<tr>
<td>Improvement Time</td>
<td>Future state design is fully realized by December 31, 2013.</td>
<td></td>
</tr>
</tbody>
</table>

Current State Problems & Business Needs
1. Decrease / improvement of the conversion activity score:
2. Forecasts growth of 15% for next fiscal year:
3. Scarce & incorrect information flowing through value stream:
4. Lead time for RFQ turnaround = 2 weeks; PO to software dev = 5 weeks:
5. Customer: Customer, Manager
6. Customer Service, Manager
7. Improve quality of information flowing through value stream:
8. Customer (contract manufacturer)

Goals & Measurable Target Conditions
1. Reduce lead time for RFQ by 50%:
2. Reduce PO software development time by a minimum of 50%:
3. Improve quality of information flowing through value stream:
4. Reduce cost:
5. Improve performance:
6. Achieve target:
7. Meet customer demands:
8. Meet regulatory compliance:
9. Mend customer relationships:

Benefits to Customers & Business
1. Faster delivery; less hassle; less cost:
2. Better working relationships between sales, estimating, & engineering:
3. Freed capacity to absorb additional business w/o increasing staff:
4. Better working relationships between sales, estimating, & engineering:

On-Call Support
1. Planning / Purchasing, Planner: outdoors Day
2. Production Supervisor, Tom St. James:
3. IT, Director, Diana Marie:
4. Finance, Controller, Dave Gerald:
5. Engineering, Vice President, Nancy Little:
6. Manufacturing, Director, Amilie Millsway:
7. Customer Service, Manager, Candy Tain:
8. Customer (contract manufacturer), JT Hyt:
9. Customer Service, Manager, JT Hyt:
10. Customer Service, Manager, JT Hyt:

Relevant Data
1. Sales effectiveness: RFQ conversion rate:
2. Financial: Estimate-to-actual cost comparison:
3. Operational: LT in segments (RFQ to quote; PO to development):
4. Signature: Date:

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Addressing Root Causes

Pre-mapping

Alignment of purpose
1. Sponsor & champion
2. Start early
3. Scope
4. Define problem / purpose / target
5. Decision makers on team
6. Socialize across silos

Common Understanding
1. Leadership walks gemba
2. Listens to workers
3. Humility & curiosity
4. Stay @ 30,000 feet
5. Get metrics
6. Encourage the dialogue
Total LT = 32 days  
Total PT = 6.5 hours

Addressing Root Causes

**Current State**

**Understand Current State**

**Common Understanding**
1. Leadership walks gemba
2. Listen to workers
3. Humility & curiosity
4. Stay @ 30,000 feet
5. Get metrics
6. **Encourage the dialogue**
End-of-day Briefings

**Purpose:** Reduce resistance & build consensus

Addressing Root Causes

**Future State**

**Design Future State**

**Shared Vision**
1. What are the leverage points
2. Agree on needed changes – hypotheses
3. Realign resources
4. Optimize overall performance
5. Develop target performance levels
Addressing Root Causes
Transformation Plan

1. Ownership
2. Priorities
3. Timing
4. Resources

Value Stream Transformation Plan

<table>
<thead>
<tr>
<th>Value Stream</th>
<th>Scheduled Review Dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Golden State Equipment, Inc.</td>
<td>9-Aug-13 18-Oct-13</td>
</tr>
<tr>
<td>Nancy Little</td>
<td>23-Aug-13 8-Nov-13</td>
</tr>
<tr>
<td>Dave Parks</td>
<td>9-Sep-13 26-Nov-13</td>
</tr>
</tbody>
</table>

Goal or Measurable Target

<table>
<thead>
<tr>
<th>Block</th>
<th>Goal or Measurable Target</th>
<th>Proposed Countermeasure</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>All existing customers with RFQ have access to form; %C&amp;A of quotes = 90%</td>
<td>KE1 Sean Michaels</td>
<td>%</td>
</tr>
<tr>
<td>2</td>
<td>Reduce PT @ review step and ensure RFQ omissions are detected at this step</td>
<td>KE1 Sean Michaels</td>
<td>%</td>
</tr>
<tr>
<td>3</td>
<td>All estimates created using template; reduce estimate PT to 1.5 hours</td>
<td>KE2 Dave Gerald</td>
<td>%</td>
</tr>
<tr>
<td>4</td>
<td>Central repository for estimate history</td>
<td>Proj Diana Marie</td>
<td>%</td>
</tr>
<tr>
<td>5</td>
<td>Eliminate manual emails between sales and estimating</td>
<td>Proj Diana Marie</td>
<td>%</td>
</tr>
<tr>
<td>6</td>
<td>Fewer bugs passed on to production</td>
<td>KE3 Ryan Austin</td>
<td>%</td>
</tr>
<tr>
<td>7</td>
<td>Designated resources for ETO SW development; shorter LT &amp; improved leveraging of experience</td>
<td>Proj Michael Dishman</td>
<td>%</td>
</tr>
<tr>
<td>8</td>
<td>Less guessing re: customer requirement inference assumptions and bad design passed to production</td>
<td>Proj Diana Marie</td>
<td>%</td>
</tr>
<tr>
<td>9</td>
<td>Eliminate need for CS to complete specification package for eng. SW &amp; production</td>
<td>Proj Diana Marie</td>
<td>%</td>
</tr>
<tr>
<td>10</td>
<td>Customer service able to review PO and create SO</td>
<td>KE4 Danny Tran</td>
<td>%</td>
</tr>
</tbody>
</table>

Agreement

<table>
<thead>
<tr>
<th>Executive Sponsor</th>
<th>Value Stream Champion</th>
<th>Value Stream Mapping Facilitator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Signature:</td>
<td>Signature:</td>
<td>Signature:</td>
</tr>
<tr>
<td>Date:</td>
<td>Date:</td>
<td>Date:</td>
</tr>
</tbody>
</table>

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Value Stream Mapping Activity Phases and Timing

Prepare
Understand Current State
Design Future State
Develop Transformation Plan
Execute Transformation Plan

Repeat

4 Weeks Prior to Mapping
Three Consecutive Days
Following Mapping

Addressing Root Causes
Achieving the Future State

Commitment
1. Communicate
2. Reinforce
3. Monitor
4. Adjust
Properly done, Value Stream Mapping facilitates true Value Stream *Thinking*

**VSM - A Binding Agent**

- Customer Centric
- Collaborate across the silos
- CI mindset
- Work / VS design
- Metrics
- Problem solving (macro-level)
- Provides direction
- Sets targets
- Addresses issues
With Your Neighbor

• Reflect back on your earlier self-assessment (“How good is your organization at VS improvement?”). What was your score (on scale of 1-10)?
• What would it take to “move the needle” i.e. improve your score by two points?

Summary

• Leadership driven
• Tie to business goals or issues
• Strong socialization – start early
• Keep it high level
• Ownership and follow-up
Objectives

- Learn how to improve leadership alignment
- Hear why most Value Stream Mapping activities don’t achieve their full potential
- See who is involved when in successful VSM activities
- See how VSM connects lean philosophy, lean operating system and lean management
- This is not: How to / mechanics of creating VSMs

Thank You!

Q&A?

Email me for free VSM charter and other tools
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