

*Knowledge comes by taking things apart: analysis.
But wisdom comes by putting things together.*

-John A. Morrison

Supply Chain Excellence: Series 5 – Lean Thinking for The Office and Admin Areas

-Vishnu Rayapeddi

You may be wondering why this article is part of Supply Chain Excellence series and not under the Lean series...yes, it's part of both!

The reason for including this article under Supply Chain Excellence series is that, many activities including customer Service (for example, quotation processing, order processing etc), all planning and procurement & purchasing, quality assurance, administrative warehousing & distribution functions and many other activities take place in offices.

Most businesses regard lean manufacturing almost exclusively as a set of production tools and techniques. Most businesses who implement lean manufacturing fail to achieve the full benefit of this strategy because the office and administration areas are not included in any kaizen / continuous improvement activities.

If you think lean is about the factory floor only, then remember that typically 60% to 80% of all costs associated with a product line are non-production costs.

A couple of examples to highlight the wastes in the office areas...

1. An industrial air handling units manufacturing company

– the quotation process used to take 4 weeks and had 55 steps and what this meant was losing valuable customer orders to competition. After a brief introduction on value & waste and process mapping, I asked them to list all the 55 steps on sticky notes.

Upon challenging every step and classifying those steps as 1) value Adding (green), 2) Non-Value adding (red) and 3) Non-Value Adding but required (orange), the team ended up with roughly 50% of the steps which fell in to green and orange categories. What this meant was that, the no of steps reduced to 30 and the time in quotation processing reduced to 2 weeks!

2. A Printing Company – From the time a customer order was received and until it was converted in to a production order and passed on to manufacturing, they had 32 steps.

A similar process as above, reduced the number of steps to 18 and time halved!

Also, how many times have you searched for a saved file on your computer and how long did it take to find it? Can we manager our e-records better? The answer is YES!

It is all about learning how to

stabilise, standardise, and simplify administrative processes using the power of the Toyota Production System.

So, what is a Lean Office?

- Processes are controlled
- Processes are standardised
- Processes are improved upon
- Processes are made as visual as possible
- 5S is practiced!

Let's understand what the wastes are in an office environment.

1. Overproduction – producing work prior to it being required is waste and is the greatest of all the wastes

- Producing reports no one reads or needs
- Making extra copies
- E-mailing, faxing same document
- Entering repetitive information on multiple documents
- Ineffective meetings

2. Waiting – for people, signatures, and information is waste. This is "low hanging fruit" which is easy to reach and ripe for the taking.

- Excessive signatures or approvals
- Dependency of others to complete tasks
- Delays in receiving information
- Computer program revision problems
- Cross-departmental resource commitments
- Not a priority for someone to complete

3. Motion - any movement of people, paper, electronic exchanges that does not add value is waste

- Searching for computer files
- Searching for documents in file cabinets
- Repeatedly reviewing manuals for information
- Hand carrying paper to another process
- Cross-departmental resource commitments
- Not a priority for someone to complete

4. Transport - affects the time of delivery of any work within an office

- Delivering unneeded documents
- Excessive filing of work documents
- Over-addressed email distribution lists
- Hand-carrying paper to another process
- Cross-departmental resource commitments
- Mis-prioritization

5. Excessive processing - putting more work or effort into the work required by internal or external customers is waste

- Duplicative reports or information
- Repetitive data entry
- Incorrect information being shared
- Constantly revising documents
- Ineffective meetings and no agendas
- Duplicative documentation
- Lack of accurate project planning

6. Inventory (Time) - work piles, excessive supplies, and excessive signature requirements are waste

- Files awaiting signatures or approvals
- Work awaiting task completion by others
- Obsolete files
- Obsolete office equipment
- Not sufficient training of back-ups
- Purchasing excessive office supplies.

7. Defects (or mistakes) - refers to all processing required creating a defect or mistake and the additional work required to correct it

- Data entry errors
- Pricing errors
- Forwarding incomplete documentation
- Incorrect information on document
- Inefficient file system on PC or in cabinet
- Not appropriate staffing to service customer

8. Underutilisation of People - is a result of not placing people where they can (and will) use their knowledge, skills, and abilities to the fullest (8th Waste)

- Project deadlines not being met.
- Work loads not evenly balanced due to lack of cross-training
- High absenteeism and turnover
- Inadequate performance management system
- Incomplete job skill assessment prior to hiring

Now that we have understood what may be the wasted efforts in our office environment, let's take steps to minimise / eliminate the same and increase the value to our customers.

**This article is written by Vishnu Rayapeddi, a Lean Manufacturing & Supply Chain Operations Specialist, who works as a volunteer Executive Committee Member of NZPICS, the only Premier Channel Partner of APICS in New Zealand.*

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