

# Lean Introduction

**SD ARMA**

**San Diego, CA**

**3/29/2017**

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**Lean Gold Certified**

**Lean Six Sigma Black Belt**

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**LEANwRIGHT, Inc.**

**[www.leanwright.com](http://www.leanwright.com)**

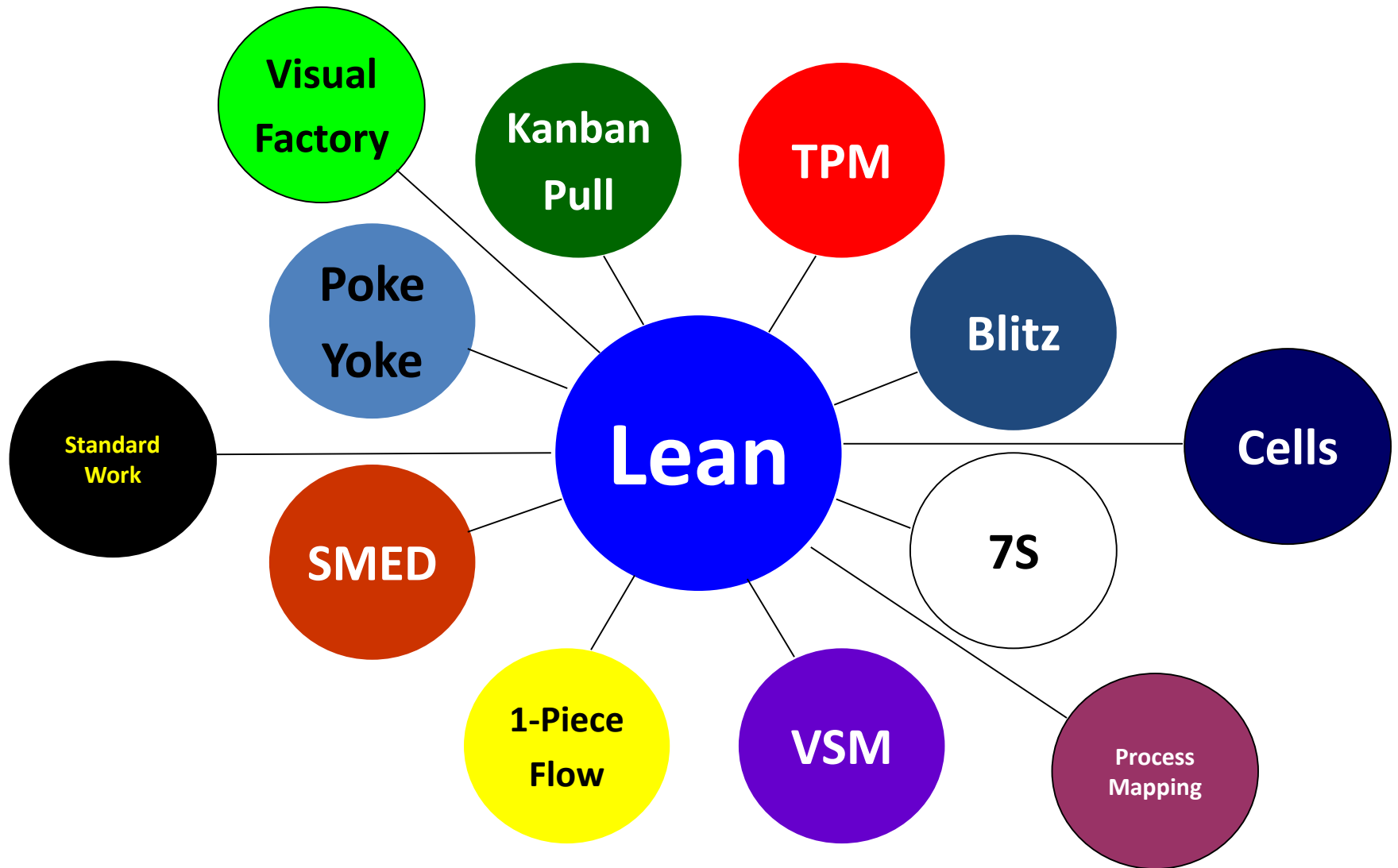
# Agenda – March 29<sup>th</sup>, 2017

12:00 - 12:15	What is Lean? Kaizen? Waste?
12:15 - 12:20	Lean or Six Sigma?
12:20 – 12:40	Examples of Kaizen Blitzes
12:40 – 12:50	Lean Results and Lessons Learned
12:55 – 1:00	Wrap

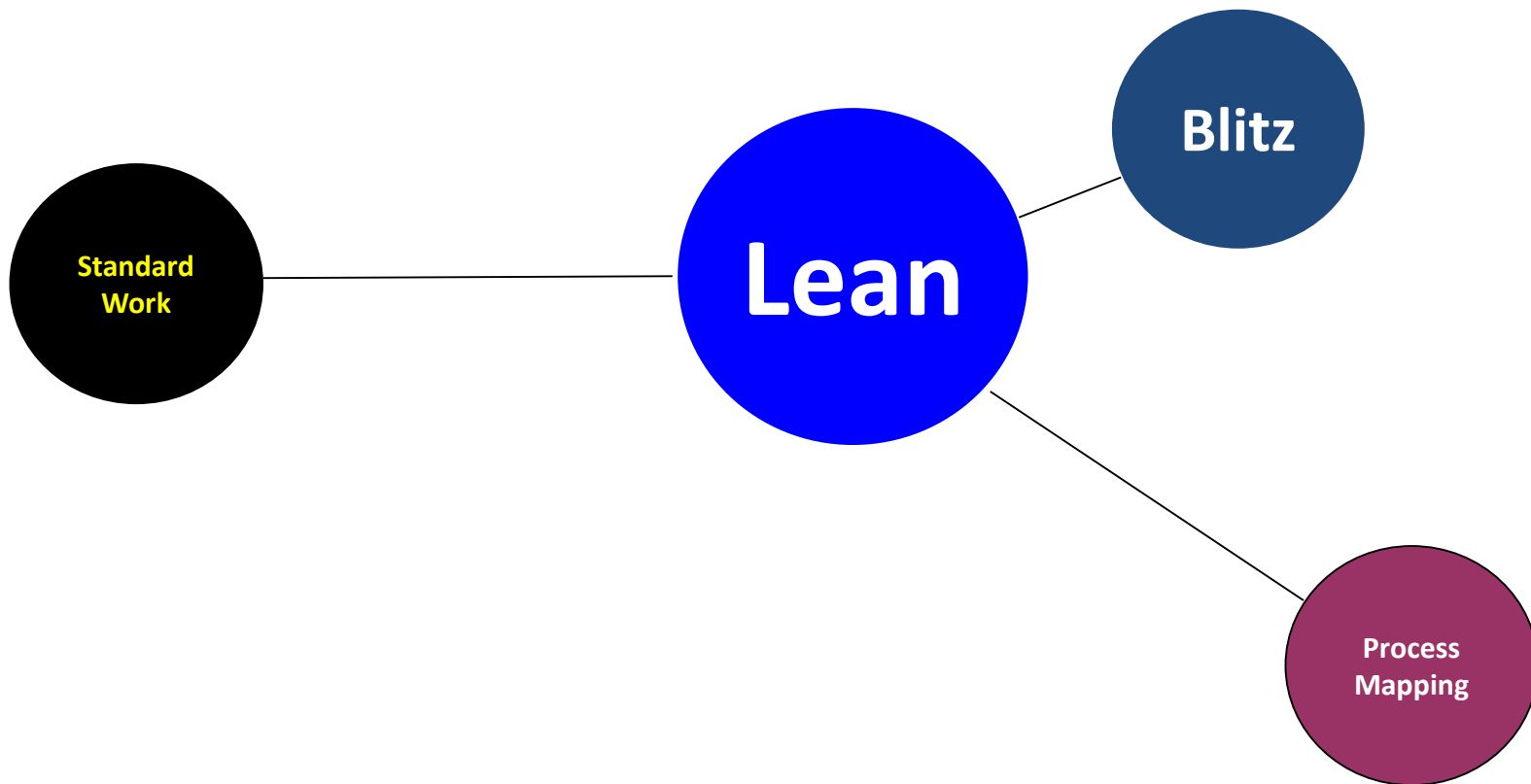
# “Lean” In Business Means:

- **Waste** or “**fat**” has been “**trimmed**” or removed from the *process*
- The process that provides value to the customer is as short or quick as possible
- Least or fewest resources are used to meet or exceed customer needs
- An umbrella of continuous improvement techniques and practices, which engage employees, and **drive results**

# Typical Lean Tools



# For Our Discussion Today



# Goals of the Lean Enterprise

1. Improve Quality
2. Eliminate Waste
3. Reduce Lead time
4. Reduce Total Costs

# Defining **Waste**

In Business, **EVERYTHING**:

- Takes *Time*
- Costs *\$Money\$*

# All work is either...

## Value Adding (VA)

Important to the external customer – willing to pay for or is a condition of doing business with them

**OR**

## Non-Value Adding (NVA)

Consumes time, resources or space, but does not transform, or add to the customer's desired, perceived value of a product (necessary and unnecessary NVA)



# 8 TYPES OF WASTE



**WIP - WASTE In Process!**

- **D**efects – errors, not right the first time; incomplete, unclear or wrong information
- **O**verproduction – ahead of, or in excess of demand
- **W**aiting – people, service or product is idle
- **N**on-utilized talent – not using employee knowledge or creativity
- **T**ransportation - unnecessary movement of product
- **I**nventory - excess, requires space
- **M**otion –movement of people, ergonomically exposures
- **E**xtra processing – doing more than the customer requires

# Value Adding or Not?

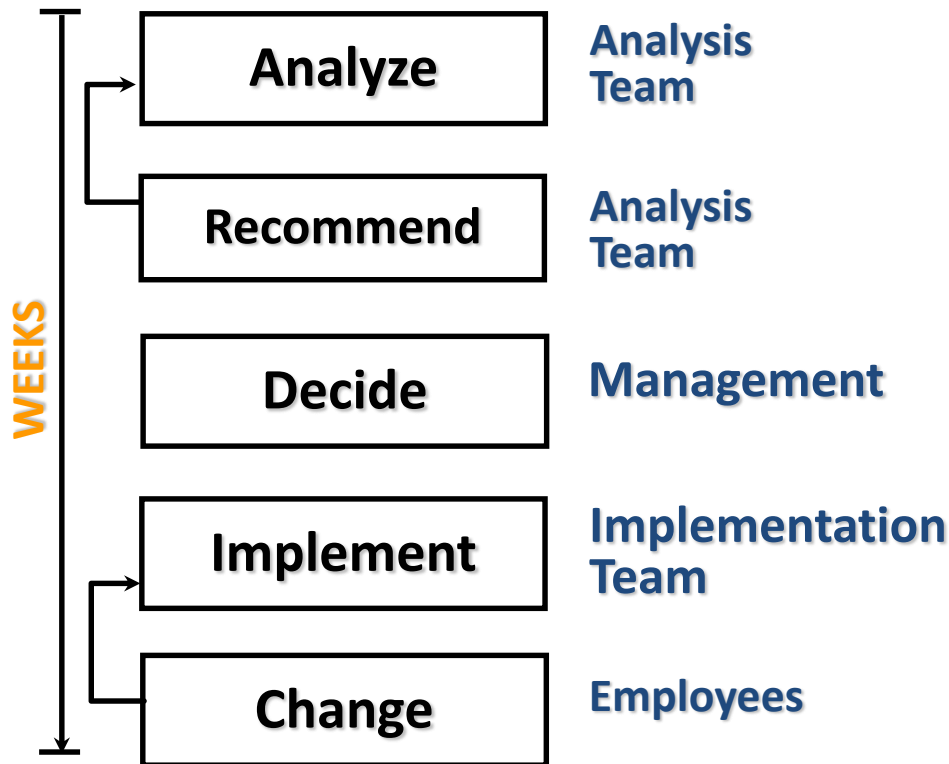
- Looking for information
- Building product or providing service
- Filling out forms
- Ordering supplies
- Shipping Product
- Inputting data

- Getting approvals
- Packaging product
- Copying forms
- Re-quoting
- Writing procedures
- Training
- Warranty claims

# Problem Solving

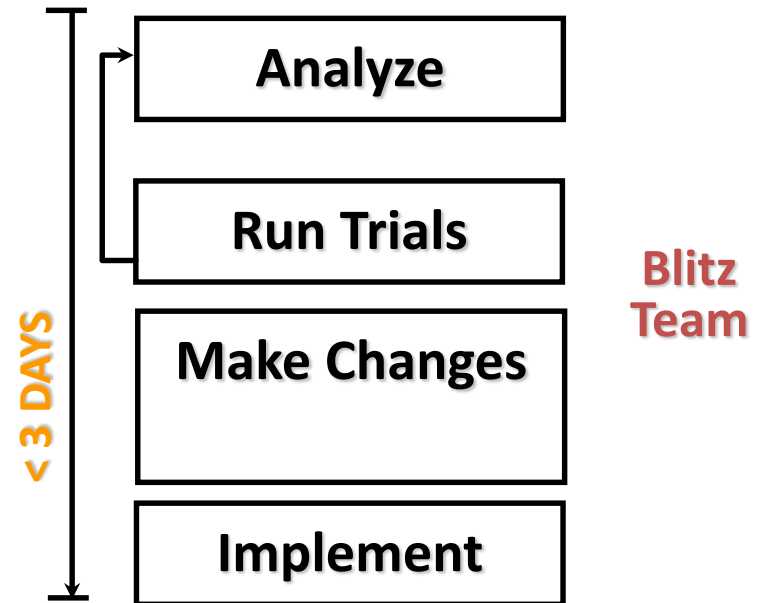
## TRADITIONAL METHOD

Slow and Unsure



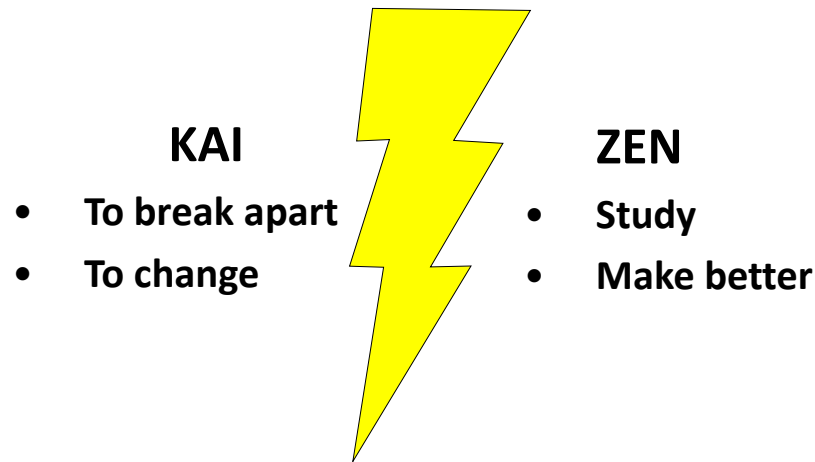
## KAIZEN BLITZ

*Just DO IT!*



# Fundamental Principle of Lean / Kaizen:

Anything that does not add value to the product is waste and must be **reduced** or **eliminated**



***Blitz = Lightning Fast***

## Lean

- Customer Defines what is “Value”
- Customer is not willing to pay for non-valuable things
- Reduce or Eliminate Waste or Non-Value-Added (NVA)
- Focus on Value Streams
- Drive waste, lead-time, set-up, other reductions
- Kaizen and TPS

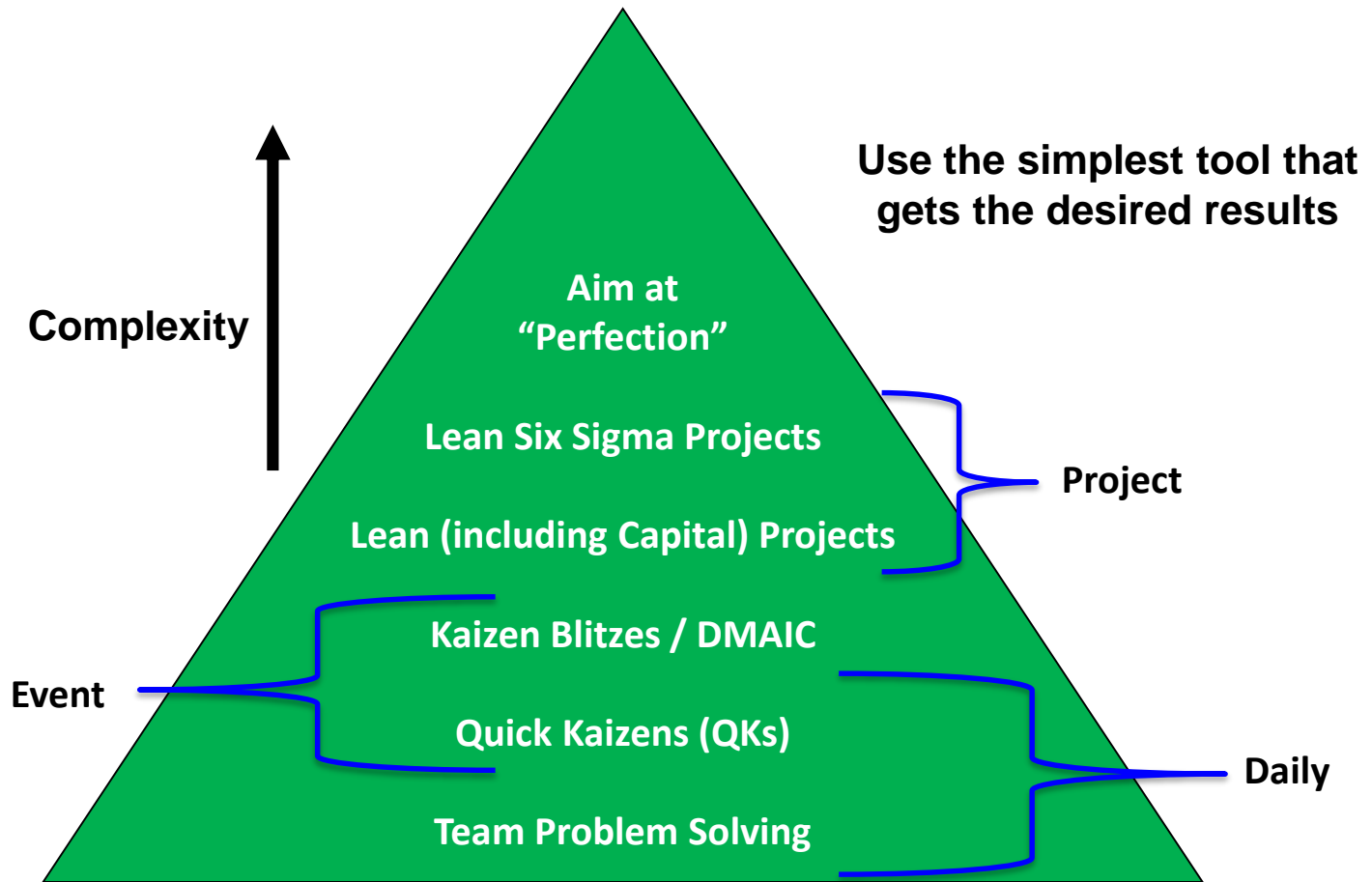
## Six Sigma

- Reduce variation
- Total system approach (SIPOC)
- Follow DMAIC methodology
- Reduce process variation
- More statistically-focused tools around reducing process standard deviation (sigma level)
- CpK, DOE

## Lean Six Sigma

- Combined approach
- Define Value, Remove Waste then Reduce Variation
- Follow Kaizen and DMAIC methodology
- Tiered approach:
  1. Kaizen (basic)
  2. Lean (intermediate)
  3. Six Sigma (advanced)
- Use simplest tools first, progress to more advanced as needed to improve

# OK, So How Do We Decide What to Use?



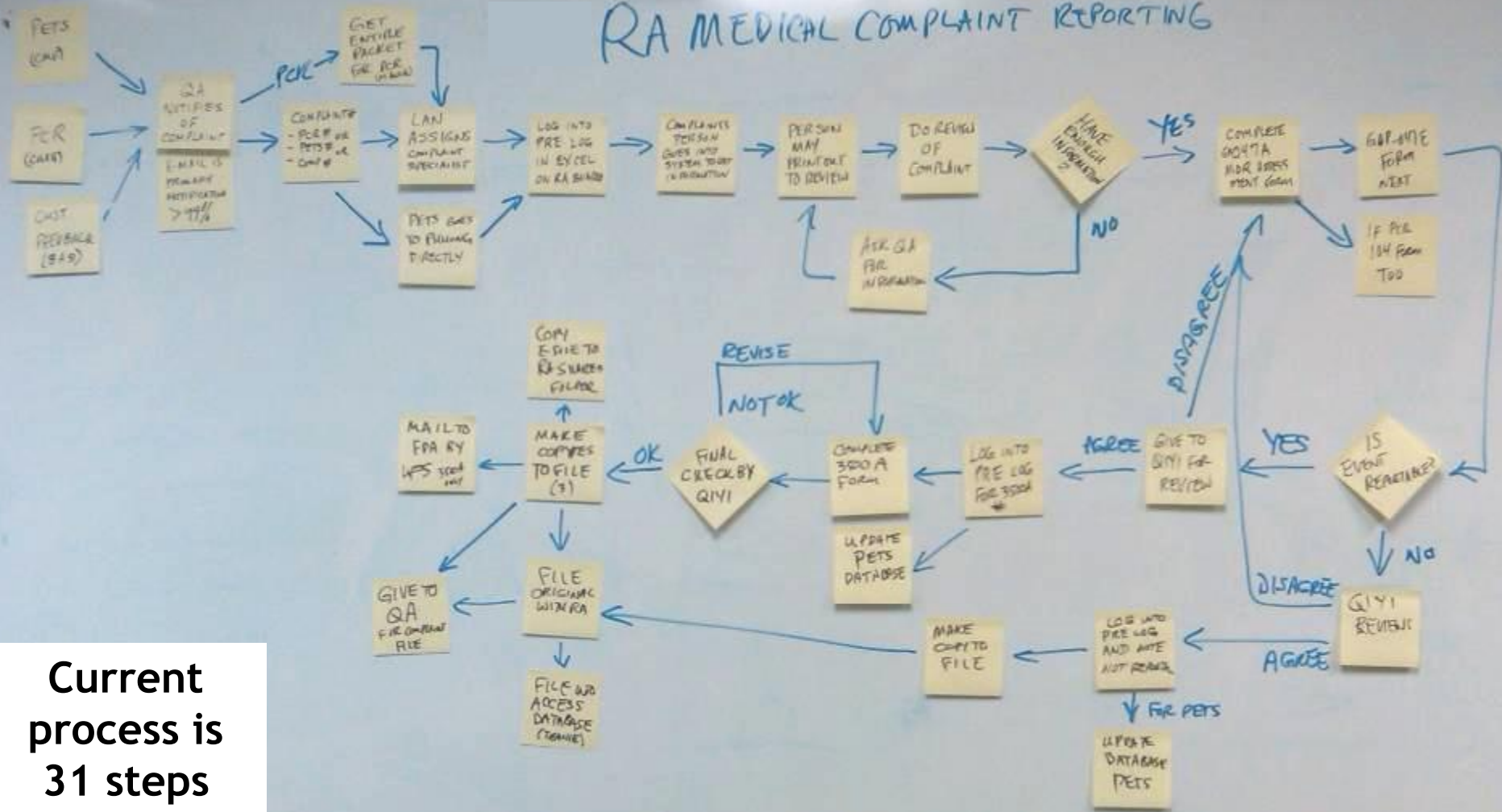
# EXAMPLE KAIZEN BLITZ



Regulatory/Compliance Kaizen Blitz Team

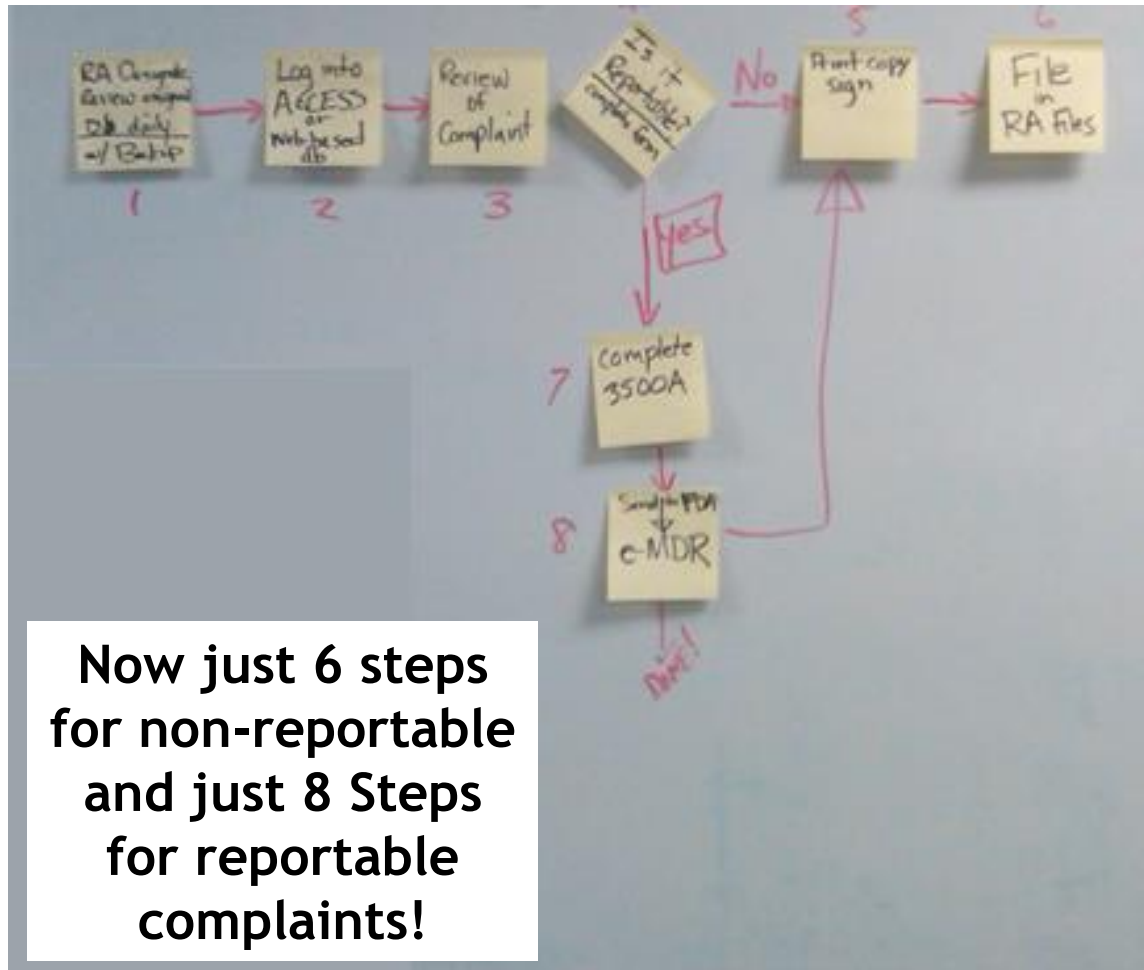


# RA MEDICAL COMPLAINT REPORTING



Current process is 31 steps





# Before & After State Measures

<b>RA Medical Complaint Reporting Blitz</b>			
<b>Measure</b>	<b>Before</b>	<b>After</b>	<b>% Improvement</b>
Number of People Involved	6	2	67%
Number of Steps/Touches	31	8	74%
		<b>Average</b>	<b>70%</b>

**Cost Avoidance: \$45,000+ per year plus net zero personnel increase**



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# Kaizen Blitz Records Retention (GP-308)

March 22<sup>nd</sup>-23<sup>rd</sup>, 2007





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# The Kaizen Blitz Team





# The Blitz Mandate

Process Name	Blitz Start Date	Blitz End Date
Records Retention Process (GP-308)	22-Mar	23-Mar
	<b>Start Time:</b>	<b>End Time:</b>
	8:30 AM	4:00 PM
<b>Process Boundaries (Start to End)</b>	<b>Team Meeting Location:</b>	
All records retention for all processes per GP 308	Various (see Outlook)	
<b>Why Do We Need This Blitz?</b>	<b>Process Owner(s)</b>	
We store too many records in paper form and electronically. When the records can be disposed, Corovan process is not clear. Need process owners/experts to be in place.	Nora York	
<b>Blitz Targets</b>	<b>Process Expert(s)</b>	
<b>Reduce Lead Time by 50%</b>	Neil Delaney	Carol Hulett
<b>Reduce process steps by 50%</b>	Vida Rodriguez	Mari Reigel
<b>Reduce Distance Traveled by 50%</b>	John Iraci	Dale Hammer
<b>Reduce number of touches by 50%</b>	Crystal Sewall	
<b>Update Standard Work Procedure (GP-308)</b>	<b>Process Outsider(s)</b>	
	Jaime Alvarez	Julie Lyon
	Susana Young	Nate Manczarek
	Adam Glascock	Joe Martinez
	<b>Facilitator(s)</b>	
	Jerry Wright	Nora York







# Process Map – Before State

- Does the term, “PERM” mean anything to you?

Method	Active	Archive	DESTROY AFTER YEAR	Count	
Total Years	1905	594	2449	226	Record Types
Average retention	9	11	20		

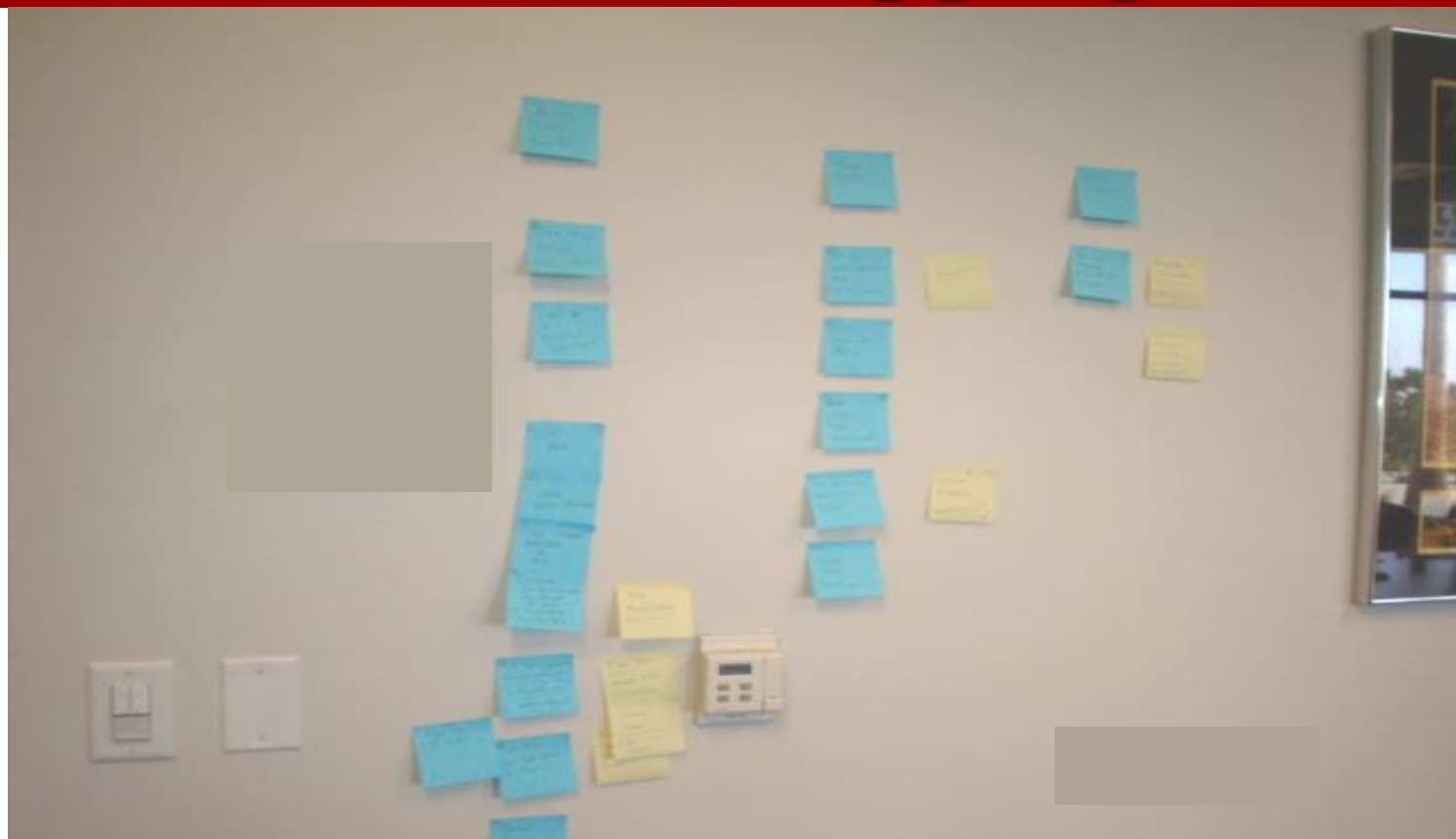
- We have been keeping our records for an average of **TWENTY** years (both here and Cor-o-van)!





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# Process Mapping





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# Before & After State Measures

*Improvement %*

Record Retention GP-308 Process			
Measure	Before	After	Change
Lead Time to Store	30 min.	20 min.	33%
# of Steps to Store	8	6	25%
# Years On-Site	9	7	22%
# Years Off-Site	11	4	64%
# Years Total	20	11	45%
# of Records	226	211	8%

**33% Average Improvement!**







## Other Accomplishments

- We're based on Federal, local laws and best practices in current record retention
- Procedure is more clear and concise
- Simplified the document storage labeling process for Cor-o-van
- Identified a follow-up blitz for Records Review and Destruction at Cor-o-van





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**Thank you!**

**Until the next blitz...**





# *Kaizen Blitz Report-Out Accounts Payable - Shoreview May 28-29, 2008*







# *The Kaizen Blitz Team*



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# The Blitz Mandate

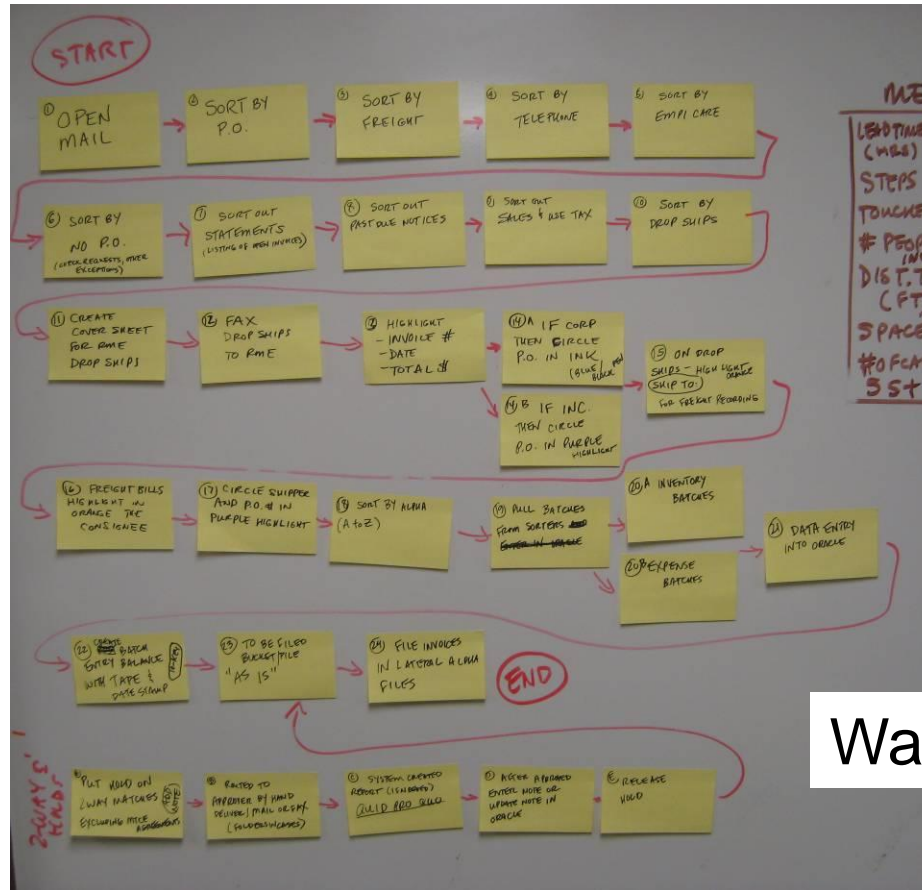
Process Name	Blitz Start Date	Blitz End Date
Accounts Payable Process	28-May	29-May
	<b>Start Time:</b>	<b>End Time:</b>
<b>Process Boundaries (Start to End)</b>	9:00 AM	4:30 PM
Invoices to Payment	<b>Team Meeting Location:</b>	
	Boardroom	
<b>Why Do We Need This Blitz?</b>	<b>Process Owner(s)</b>	
Too Many Touches	Tina Eskro	
Too Much Time (and OT)- Process & Approval	<b>Process Expert(s)</b>	
Have invoices scanned and attached in Oracle	Pat Martinson	Emily Shemanski
Invoices routed via email for approval	Lana Leykind	Renee Knutson
Store invoices electronically/ reduce manual files		
<b>Blitz Targets</b>		
Reduce Lead Time by 50%	<b>Process Outsider(s)</b>	
Reduce process steps by 50%	Susan Sosna	Anna Skar
Reduce Distance Traveled by 50%	Brian Mower	Dawn Mordorski
Reduce number of touches by 50%	Leann Burich	Jane LaPorte
Reduce total space/files required by 50%	<b>Facilitator(s)</b>	
Establish Standard Work Procedure	Jerry Wright	Tom Bachinski
Establish 5-S+1 or improve 5-S+1 score		







# Before State Process

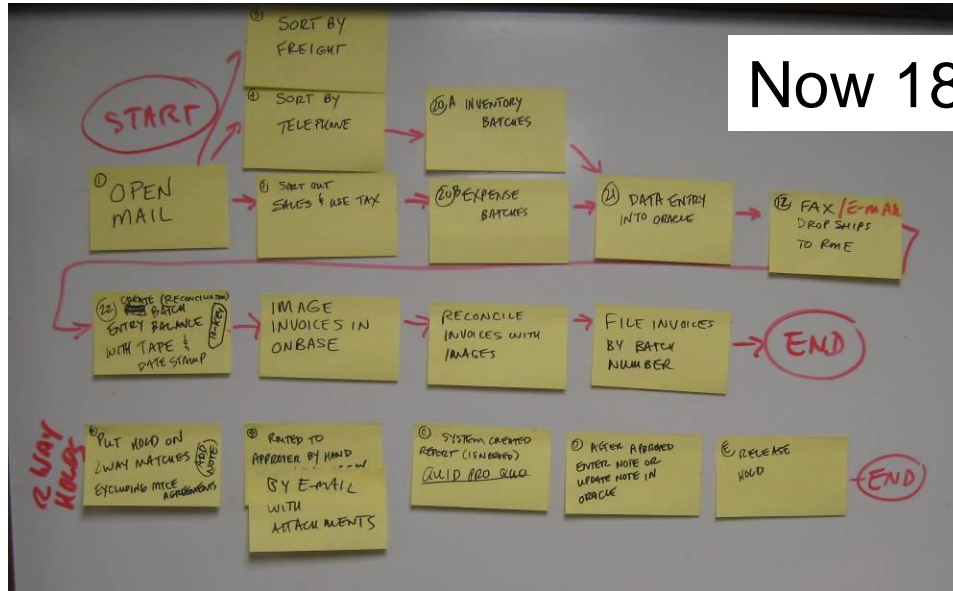


Was 31 Steps



# After State Process

Now 18 Steps!







# Before & After State Measures

## Accounts Payable - Shoreview

Measure	Before	After	% Improvement
# of people involved in A/P process	4	2	50%
# of steps/actions	31	18	42%
# of touches	15	8	47%
Total square feet of space used	1,300	992	24%
# of filing cabinets	28	8	71%
Lead time (days)	5	2.5	50%
# of feet traveled per invoice	609	381	37%
		<b>Average</b>	<b>46%</b>



## *Other Benefits / Misc.*

- Consolidate bank accounts from 2 to 1
- Reduce postage costs / handling with FAXing of expense reports to OnBase
- Reduce O.T. for A/P
- Reduce routing for approval time, filing time, sorting time, etc!
- Floor space freed-up for other use
- ***We're going to save a fortune on highlighters, file folders and labels!!!!***



# 30 Day Action List

- |     |  |                   |
|-----|--|-------------------|
| 1.  | Review RME repair & maintenance lack of P.O.'s | Tina, Yvonne      |
| 2.  | Work with Chatt on P.O. and invoice process    | Tina, Theresa     |
| 3.  | Consolidate bank accounts (Corp/Inc)           | Tina, Dawn        |
| 4.  | Purchase licenses for OnBase                   | Susan             |
| 5.  | OnBase overall design and implementation       | Jane, Pat         |
| 6.  | Keyword updater design and implementation      | Jane, Dawn        |
| 7.  | Determine new process for expense reports      | Jane, Tina, Susan |
| 8.  | Determine dual monitor needs (long-term)       | Tina, Susan       |
| 9.  | Plan for 2008 file imaging and resource        | Tina, Pat         |
| 10. | Remove file cabinets from A/P                  | Pat, A/P Team     |
| 11. | App enabler with hot spots evaluation / use    | Jane, Pat, Dawn   |
| 12. | RME freight reconciliation process review      | Pat, RME person   |
| 13. | Complete SOX scripts for internal controls     | Pat, A/P Team     |
| 14. | Discuss scanner usage with Kris Chmielewski    | Tina, Susan, Pat  |



*Thank you!*

*Until the next blitz...*

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# Lessons Learned

- It's all about leadership commitment and the culture you create as you go – you don't “manage change;” you just create it as you go; people readily accept change for the better
- The biggest barrier to change and adopting Lean are managers learning to let go of power and control and embrace learning and trying by everyone in the organization
- Kaizen Blitzes are the best means of engagement & culture shift
  - They drive employee satisfaction with their work, their manager and the company while creating a culture of Lean
  - Kaizen Blitzes and Value Stream Mapping provide training for organizational leaders to “see” waste

# Lessons Learned

- Leaders that you want in your company must possess a strong desire to lead, possess leadership / the ability to get things done through others and have a demonstrated desire and ability to coach others
- Leaders must have a drive to pursue perfection knowing that they will never see it and they will never be done
- Work should be fun; yes it is work but your team needs to be winning against the competition
- Everyone needs to embrace and be involved in transforming and leading the business – all areas must be involved – there cannot be “silos”

# Lessons Learned

- Be willing to accept some level of failure for taking risks to make things better
- Drive ownership and decision making to that level that is closest to the customer or closest to the process; trust people to do the right thing; the “right” people don’t need supervision
- Lead (inspire/motivate) rather than manage (instruct/control); let teams determine how to best accomplish their objectives
- Become a “learning organization” that looks for good ideas everywhere, everyday – seek out others who pursue the same goals
- Losing sucks but winning is fun – a culture of Lean helps you win!

# Lean Introduction for SD ARMA

**Thank you!**

**Jerry M. Wright, PE, MBA**

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