

## What is Lean?

"Lean is a process of eliminating waste with the goal of creating value"

Note: this stands in contrast to definitions of lean that only focus on eliminating waste, which is too often interpreted as cost cutting - independent of its impact on value delivery.

## What are the 5 steps for Lean implementation?

- 1 - Specify *value*
- 2 - Identify all the steps in the *value stream* and eliminate *waste*
- 3 - Create smooth *flow* towards the customer
- 4 - Let customers *pull* value from upstream activities
- 5 - Pursue perfection through continuous improvement

## What is waste?

Any activity that consumes resources but does not provide value as defined by the customer. Also referred to as *muda* or *non-value-adding (NVA)* activities. Waste can be categorised into the 8 Forms of Waste:

- overproduction
- over processing
- waiting
- inventory
- defects
- motion (by people)
- transportation (of product / material)
- under utilisation of people

## What is value?

Any activity, which, from the ultimate customer's perspective is of value, such that the customer is willing to pay for that activity, or that activity is a condition of doing business with that customer. Also known as value adding (VA).

## What is a value stream?

The specific activities required to design, order, and provide a specific product or service from the point of product (or service) concept, through launch, ordering raw materials, production and placing the product (or service) in the hands of the customer. From a shareholder's perspective the Value Stream could also include the steps and time required until the receipt of revenue

## What is flow?

The smooth, uninterrupted movement of a product or service through a series of process steps. In true flow, the work product (information, paperwork, material, etc.) passing through the series of steps never stops

## What is a pull system?

A work in progress (WIP) management approach whereby the downstream process authorises upstream production through the consumption of work. Common pull systems include one-piece flow, kanban and FIFO lanes.

The above is the some of the basic jargon of a Lean Program that you will come across initially. There are also a few Lean Tools that require knowledge to get a Lean Program off the ground. These are outlined in our portfolio of **training** materials.

## What are some of the Lean misconceptions?

- Lean is only for manufacturing businesses
- Lean originated on the manufacturing shop floor
  - It has now extended to service and support functions
  - waste exists in all business functions
  - eliminating waste improves customer satisfaction

Increasing productivity creates higher stress

- stress is higher when productivity is low and customer expectations are high

Eliminating waste results in the loss of jobs

- frees up staff time to work on backlog of work
- can do new projects and do more for the customer

Lean is the flavour of the month

- lean is sound
- it is a customer-centered business practice that results in improved outcomes

Focusing on higher internal efficiency means less attention to the customer

- eliminating waste allows people to focus on customer satisfaction and new projects

Lean costs a lot of money to implement

- spend ideas, not money
- people are greatly underutilised resources