

Lean Enterprise Division

December 2009 Highlights

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Chair's Message

Hello Lean,

I would like to kick off this column with a resounding "Happy birthday, LED!" It was back in November 2006 that the Lean Enterprise Forum was formally recognized by ASQ as an official division, thus becoming the Lean Enterprise Division. But how did it all begin?



In its infancy, and before becoming the Lean Enterprise Forum, it was known as the Advanced Manufacturing Interest Group (AMIG). Originally started by George Alukal and Tony Manos, the AMIG was a group of lean practitioners looking to "spread the word." My first personal experience with the group was at the 2003 ASQ Annual Quality Congress (now the World Conference on Quality and Improvement) in Toronto. I had the pleasure of meeting Tony and Randy Fisher who had the booth set up in the exhibit hall and were distributing copies of a newsletter. As they say, the rest is history.

Moving on to the Seattle conference in 2004, and now known as the Lean Enterprise Forum, I attended a planning meeting along with several other individuals (Jobby Johnson for one who became the next chair), and the team started to grow.

It continued to grow, and with Jobby now serving as chair, the Lean Enterprise Forum was approved as a division in November 2006. In 2007, we partnered with Six Sigma Forum and ASQ headquarters to add the division to the Six Sigma Conference and make it the Lean and Six Sigma Conference.

Since then, in 2008 and 2009, we have seen growth in both membership and also with volunteers who currently serve on our leadership team. We are currently the third largest ASQ division with approximately 6,000 members in more than 40 countries. People who came to a meeting similar to Jobby and I are now serving in key roles and positions within LED. It is such a privilege for me to work with each and every one of them. I will introduce you to this excellent team in the next issue.

But now that we have seen where we were, and where we are now, let's look at where we are heading. We are looking forward to our continued partnering with the Six Sigma Forum on the Lean and Six Sigma Conference, March 8–9, 2010, in Phoenix, AZ. This is looking to be the best yet and it is also the 10th anniversary of the conference, so make your plans now to attend. There is additional information on the conference in this issue.

We have also participated with other groups as well as part of other conferences. I had the pleasure of presenting two sessions at the First Annual Canadian Quality Congress this past August in Vancouver, thanks to the assistance of ASQ Canada and the Vancouver Section. Others from our team have presented at conferences and more plans are in the works for them to present at other conference and sections (more on that in this issue).

Our Voice of the Customer Team, led by Frank Murdock, continues to work on welcoming new members and our Education Team, led by Don Smith, is hard at work on educational and training opportunities. The Education Team met with the ASQ Learning Institute™ in December to look into further expanding offerings.

But for us to continue to grow and add value to each member, we need additional assistance. We have several opportunities for you to get involved. If there is a topic of interest that

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Lean Enterprise
Division

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you would like to help with, please refer to the call for volunteers in this issue and please contact the appropriate person to learn more.

I would like to offer a special thanks to all of the members who have been so kind in their responses to our calls. It has been a very rewarding experience for all of us making the calls.

In closing, I hope that many of you will come and “lean with us” in Phoenix, and get involved in the division by sharing your time, gifts, and talents.

Sincerely,

Wayne Paupst
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Tools, Techniques, and Templates (T3 Time)

Eight Deadly Wastes

by Jobby Johnson

T3 Time is a new feature to the newsletter dedicated to provide quick overviews of some of the common tools, techniques, and templates used to help organizations on their lean journey. One of the key tools of lean enterprise thinking is identifying and reducing—if not completely eliminating—waste from processes and systems. The following are eight deadly wastes that consume resources, cut into cash flow, reduce capacities, and ultimately add cost to an organization's bottom line.

The *overproduction of waste* is making more, earlier, or faster than the next operation needs it. Some signs of this waste are batches of material awaiting the second or third operations, parts built up in front of equipment, or even excess copies at a meeting. Balancing the load between operations and creating a one-piece flow can help reduce this waste. Look around and see how many copies are left at the end of a meeting or how many forms become obsolete when revised.

The *motion waste* is any movement of people that does not add value to the product or service. Some signs of this waste are people twisting, walking, bending, or reaching. Determine how these motions can be reduced or eliminated by creating point-of-use storage to minimize movement. Some of the guidelines include: have those items used hourly within an arm's reach, items needed daily within a couple steps, and those other items used less than daily stored and identified for quick retrieval as needed.

The *inventory waste* is any supply in excess of one-piece flow. Although some organizations cannot get to one-piece flow because of the product, most all can reduce inventory. Many organizations have safety stock with the just-in-case mentality and this can cover a multitude of problems. However, these problems are not identified or resolved because of this safety stock and excess inventory, causing inefficiencies that get buried. If there is revision in the part, then excess inventory or excess forms become obsolete and cost the organization. Improve turns and reducing inventory improves cash flow and reduces cost of storage.

The *transportation waste* is the moving of materials, information, or people around the organization that does not add value. Some signs of this are moving material more than once, people driving back and forth to the shop to get tools, or poorly placed equipment requiring excess transportation. A spaghetti diagram of products, people, and equipment is a good visual tool to identify and reduce this waste. This requires better planning and point-of-use storage to reduce transportation.

The *waiting waste* is non-productive time waiting for a machine, materials, information, people, sign-offs, etc. Some signs of this waste are machines sitting idle awaiting material, machines down for maintenance, awaiting sign-off for first piece, trying to answer a customer question but waiting for information from a supervisor, or a delay in sending

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Tools, Techniques, and Templates (T3 Time) cont. from p. 2

out purchase orders awaiting a sign-off by the vice president. By observation, doing the value stream mapping, determining takt time verses actual time, and using total productive maintenance to reduce down time can help identify and reduce this waste.

The *underutilized people waste* is not utilizing people's experience, skills, knowledge, creativity, or ideas. The original seven wastes did not include this waste; however, it is very prevalent in the western world to rely most on managers, outsourcing, and consultants. They fail to see the abilities, ideas, and experience that are working for them right under their nose. It is important that any continuous improvement and lean efforts include the people close to the process, who often have the best ideas.

The *defects waste* is any information, products, parts, or services that require rework, corrections, or are scrapped. This is the one area of waste that is the most measured and gets the most attention. Many defects go unnoticed like retyping a report, fixing a problem on the fly, reprinting documents after review, or conducting an operation on the part a second time to make it right. Many organizations add inspection to try and reduce the number of defects of getting to the customer. A real key is poka-yoke, or to mistake proof the process, so the defect will not happen again and to make sure you identify and fix all the defects in the organization.

The *over-processing waste* is the efforts that add no value to the product or service from the customer's stand point. Any process that does not change the fit, form, or function of the product or service is technically over-production. Things like inspection, movement, transportation, storage, or billing are non-value-added activities and over processing. Some of these items are necessary but should be minimized and optimized to provide processing at the lowest cost. Sometimes we add processing that the customer does not need like painting or other functions and features to the product or services.

It is important to understand these wastes so they become second nature for your culture to see on a daily basis and deal with, so you start reducing the cost of the product or service for the organization. In future newsletters, T3 Time will examine some of the common tools used in lean enterprise thinking.

LED Supports IIE's 2009 OPEX Conference in St. Louis

by Don Smith LED Education Committee Chair

During the last week of October, the Lean Enterprise Division joined with IBM and the Institute of Industrial Engineers (IIE) to sponsor the IIE's annual Operational Excellence Conference & Expo (OPEX), held this year in St. Louis.

Although there was a smaller than normal turnout for this year's conference, the conference program had excellent keynote speakers, very informative technical sessions, and excellent post-conference workshops that highlighted lean principles and techniques.

The conference program had four tracks, including *Corporate Culture and Customer Value*, *Quality and Lean*, *Continuous Improvement*, and *Quality and Lean Systems Management*. Every program track had multiple sessions involving lean, and both post-conference workshops involved lean.

In addition to LED's role as a co-sponsor of the event, three members of the LED Leadership Team actively participated in the conference program:

- Chad Vincent, LED's treasurer, presented *Translating Lean Wastes Into Green Wastes*. Chad also moderated several technical sessions.



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Building From the Basics: Quality Pocket of Knowledge (QPoK)



ASQ

Looking for a comprehensive resource explaining basic quality tools that fits in your back pocket? Get the *Building From the Basics Quality Pocket of Knowledge (QPoK)* from ASQ.

Based on a series of articles originally appearing in *Quality Progress* magazine, this pocket-sized foldout provides succinct information on the seven basic quality tools: histograms, control charts, Pareto analysis, check sheets, scatter plots, stratification, and cause and effect diagrams. The QPoK comes completely self-contained with the knowledge you and your team need to use the tools (including easy-to-understand examples) so that you can do your job more efficiently, analyze data faster, and help ensure your organization's commitment to quality.

3 x 4 softcover. 2009

Item: T1653

Member Price: \$4.95

List/Forum/Division Price: \$8.25

Learning Lean 5S: Quality Pocket of Knowledge (QPoK)



ASQ

This is a comprehensive resource explaining how Lean 5S can benefit all aspects of a workplace.

Based on an article by James Van Patterson, originally appearing in *Quality Progress* magazine, this pocket-sized foldout provides succinct information on Lean 5S principles—separate, straighten, cont. on p. 5, sidebar

LED Supports IIE's 2009 OPEX Conference in St. Louis cont. from p. 3

- Adil Dalal, vice chair of the LED Education Committee, presented *Got Lean? Critical Lean Tools for Thriving in an Economic Crisis* and *A Lean Toolkit for Project Leaders to Achieve Project Excellence*.
- Don Smith, chair of the LED Education Committee, presented *Dealing With Human Factor Failure Modes in Process Reengineering Projects*.

All three presenters received very positive feedback from those attending their sessions. If you'd like to know more about any of the sessions presented by the LED Leadership Team members, you can contact them directly at the following addresses:

- Chad Vincent: chad_vincent@baxter.com
- Adil Dalal: adil@pinnacleprocess.com
- Don Smith: dsmith@netresultsgroup.com

LiL Is Not That Little Anymore . . .

by Kam Gupta

Yes, LiL indeed is a big thing. As I am discovering, applying lean could be a lot more difficult in personal life than it is in a corporate environment; or maybe not. Here are the lessons and observations I have made:

- It is much easier to start an initiative than it is to sustain it.
- Most of our efforts are not generally well thought out, including strategy for sustainability.
- Good results alone do not guarantee the survivability of a lean journey.
- Practice, perseverance (pain and hard work), and patience are among some of the most important ingredients in moving forward.
- Adverse conditions, in spite of our best efforts, are part of the universe and test our will many times over.
- To score, one must have a goal first.
- And many more...



I am sure we all have similar and also unique experiences in planning lean journeys in our lives.

I also compared these observations in life from a corporate perspective. Talking to some lean experts in those companies, I learned they too have many issues in sustaining lean. We always tend to summarize them as lack of management commitment. In LiL, that translates into lack of personal commitment.

This is the way it happens, as one senior leader described: "We really go in with a very positive and rather committed perspective. We see the results also. Then, since we are more comfortable working in environments of reactionary forces (adrenaline), we do not feel very comfortable in a highly action-oriented situation, like lean. So after the first results, we begin to take it easy and wait for something to go wrong and react. Slowly, it affects the enthusiasm of all involved, and the program becomes an 'also ran' or flavor of the month. We keep it because customers like to hear the word 'lean,' regardless of the results."

"Very interesting indeed," I said to the leader.

I came to this conclusion: Without personal commitment, LiL, or corporate lean, can only go so far, regardless of its proven effectiveness.

I wonder what will happen if they did indeed find a medicinal cure for balding heads. I know I will be personally committed. But then I may not do it sustainably... so what's the use? You get the point.

Happy holidays to all the lean folks out there.

Lean Enterprise Discussion Board

by Alan Mendelsohn, Discussion Board Moderator

Do you want to learn more about lean? One easy way to ask your specific questions, share your expertise, learn from your peers, and dialogue with other quality professionals is by participating in the Lean Enterprise Discussion Board.

One of the interesting discussions this year addressed the question: “Is batch and queue OK?” The dialogue that followed included responses from seven different ASQ members and several replies from the person who originally asked the question. Key points of this discussion are summarized below.

- Many books on lean indicate that batch and queue is not efficient. Are there situations, though, where batch and queue is appropriate and should be left in place? In the service example presented, membership renewals are processed using a high-speed processing machine that processes every renewal that is without problems. The bulk of renewals are processed this way. Renewals that are problematic are processed by a small staff of employees rather than by the high-speed machine. The end result is the same for both: a renewed membership. Is this a case where the batch and queue is so minimal that it’s “OK” in the lean world?
- This is an example where it is important to keep some simple common business sense in mind, rather than blindly following a concept that, while very good, may not be as applicable here.
- You also need to step back and consider the larger value stream in which this is embedded. You are providing a subscription service—to what extent does the renewal process add value? What would happen if you eliminated it and made it easy for the customer to stop the service if they needed to, but otherwise the service would continue without the need for re-subscribing? You need to understand your customers’ expectations and perhaps educate them regarding the advantages to them of the continuous service.
- In the service industry, it is quite common to set up processes once or twice a year and batch and queue everything. It isn’t feasible to run a year-round process because of the nature of the work. An example is training. We almost never do training one at a time. It is smarter to do all of our sections in one day and get it done. This is a good discussion and I would like to add that TOC, lean, JIT, Six Sigma, and everything else is good sometimes and bad other times. The job of the QM is to recognize which one is the right one to use to improve.
- One thing to consider is that just because the current process satisfies SLAs or TATs doesn’t mean it can’t be improved. Would it be more efficient for both the customer and business to only process cancellations, or could you look at offering online renewals? These can also be viewed as “green” changes/improvements.
- There is plenty of good stuff with lean. Just make sure to fit it to your operation thoughtfully.
- After receiving all of your responses, now it seems so obvious to me that there is no universal truth about batch and queue being outright “good” or “bad.” When the materials you’ve read don’t make any allowances for “good/necessary” batch and queue, and when you don’t work in a lean culture, sometimes things aren’t so obvious. Thank you all for helping me in this regard!

Understanding lean tools and applying them appropriately is important for all quality professionals. To help us appreciate the various lean tools, the following question has been posted on the Lean Enterprise Discussion Board.

Which lean tool have you found to be the most effective for your organization and why? How is this tool used?

You can access the Discussion Board by visiting <http://www.asq.org/discussionBoards/forum.jspa?forumID=34>.

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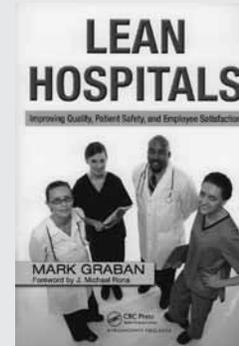
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Lean Hospitals: Improving Quality, Patient Safety, and Employee Satisfaction



Mark Graban

Drawing on his years of working with hospitals, Mark Graban explains why and how lean can be used to improve safety, quality, and efficiency in a healthcare setting. After highlighting the benefits of lean methods for patients, employees, physicians, and the hospital itself, he explains how lean manufacturing staples such as Value Stream Mapping and process observation can help hospital personnel identify and eliminate waste in their own processes, effectively preventing delays for patients, reducing wasted motion for caregivers, and improving the quality of care. Graban describes how standardized work and error-proofing can prevent common hospital errors and details root cause problem-solving and daily improvement processes that can engage all personnel in systemic improvement. A unique guide for healthcare professionals, this book clearly elaborates the steps they can take to begin the proactive process of lean implementation.

252 pages. ISBN 978-1-42008-380-4. Softcover. 2008

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Note From the Editor

“Last year I reflected on how my wish was that all of us would be even leaner in 2009 than we were in 2008. As this year draws to a close, I reflect at how yet again this division has grown. While the size of our membership comes to mind, what has truly grown

is the knowledge that the LED has. That knowledge is because of every one of our members. In March I had the pleasure of attending the Lean and Six Sigma Conference. It certainly set the tone for the rest of my year. Getting to interact with some of the LED members at the conference was truly one of the highlights of my year. It really inspired me to get “leaner” and to continually strive for improvement. I would also like to take a moment to thank the LED leadership team for doing such an amazing job this year!

Happy Holidays!

Wendy Gomez
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Please consider the environment.

Do you really need a paper copy of this newsletter? Please send a message to lmilanowski@asq.org with “Electronic Only” in the subject line.

Interested in becoming more involved with Lean Enterprise Division activities?

Volunteers are needed to support several new Lean Enterprise Division projects. If you think you might be interested in volunteering, please send a message to lmilanowski@asq.org. You will be contacted to discuss opportunities.