

# **Lean Systems Thinking: A Roadmap for Operational Excellence**

***Professor Peter Hines***

***BCCC 2011 Annual Conference***

***6<sup>th</sup> & 7<sup>th</sup> April 2011***

# Muda, Mura & Muri



Muda (Waste)



Mura (Unevenness)



Muri (Burden)

# How we see Lean Implementation...

- \* Research conducted by Professor Peter Hines and the Lean Enterprise research centre identified 5 key elements of success:-
  - Focus on customer value through policy deployment
  - Deploying through cross functional processes
  - Value stream management aligned to business goals
  - Lean tools and techniques aligned to need
  - Application in the extended enterprise

- \* S A Partners has learned, adapted, recognised a blind spot about people and created:  
**The Lean Business Model**

## The Lean Business Model



# Strategy Deployment

The vision, goals and strategy are clearly communicated throughout the organisation with key measures, targets and activities appropriately deployed



Strategic Direction

Alignment & Engagement

Management Process

# Strategy Deployment - The Acid Test

In any function, at the lowest level....

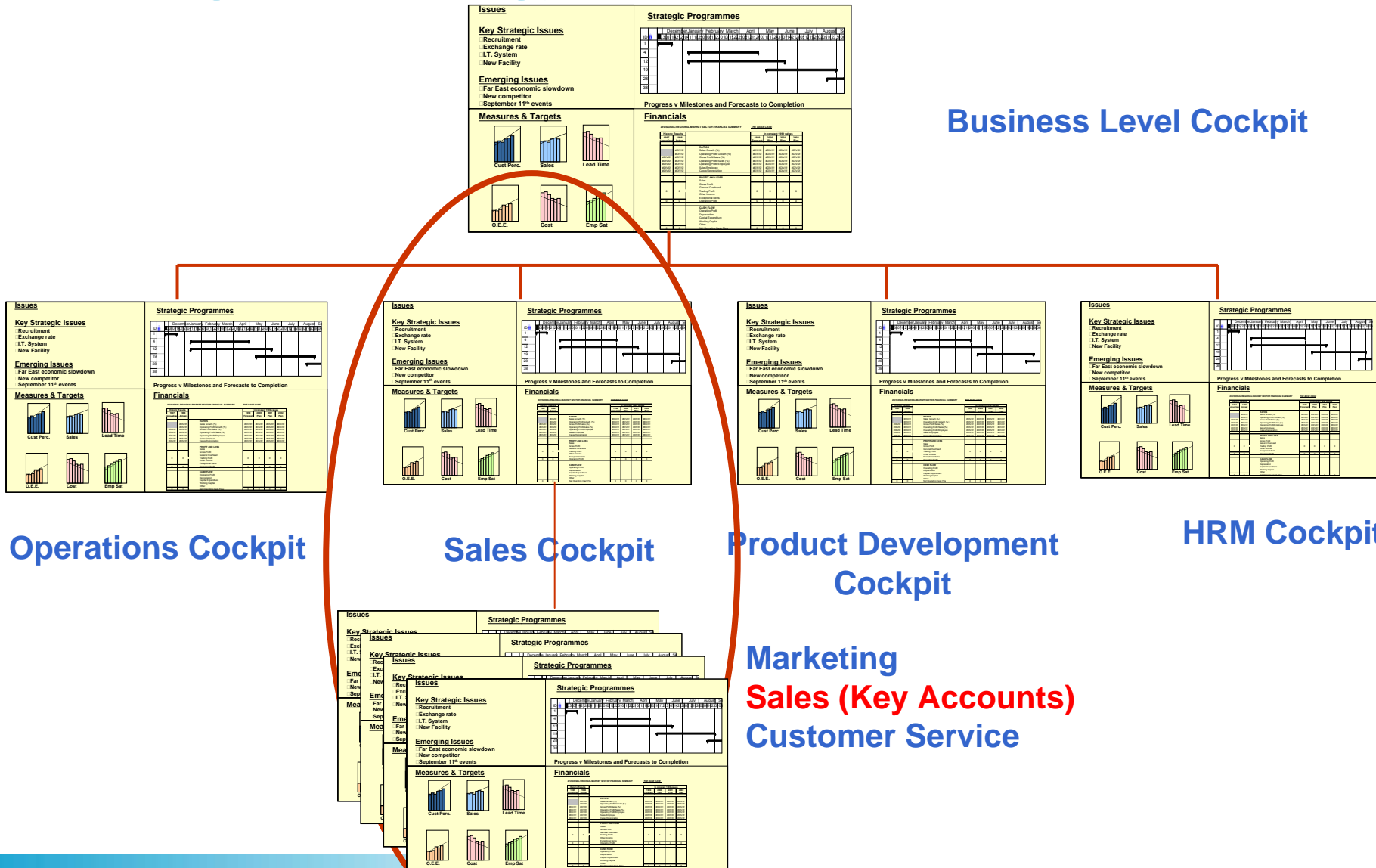
...could we get answers to the following questions?

- *What is the plan for this business over the next few years?*
- *What are you doing that is different to contribute to this plan?*

**If not, then how do we expect our people to help?**

# Cascading the strategy into the business

Business Level Cockpit



Operations Cockpit

Sales Cockpit

Product Development  
Cockpit

HRM Cockpit

Marketing  
Sales (Key Accounts)  
Customer Service

# Sustaining the Improvement Drive



## CI FOCUS

Weekly Audit  
Audit Trend

KPI Targets  
KPI Project Status

Housekeeping  
Standards

Re-layout Plan

# People Enabled Processes

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**Accountabilities are clear at all levels and leaders motivate and develop their team in an environment where they can realise people potential**

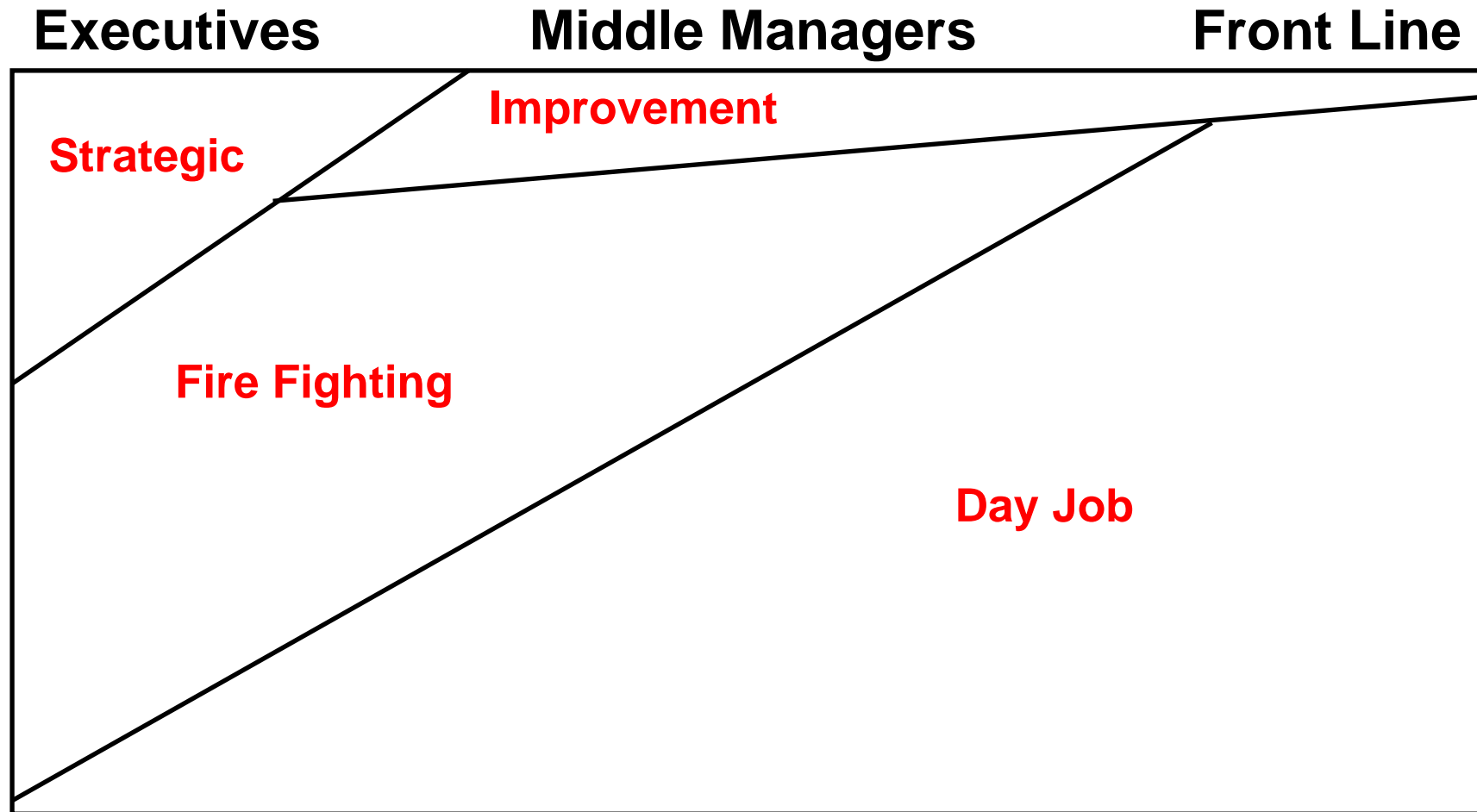


**Clear  
Accountabilities**

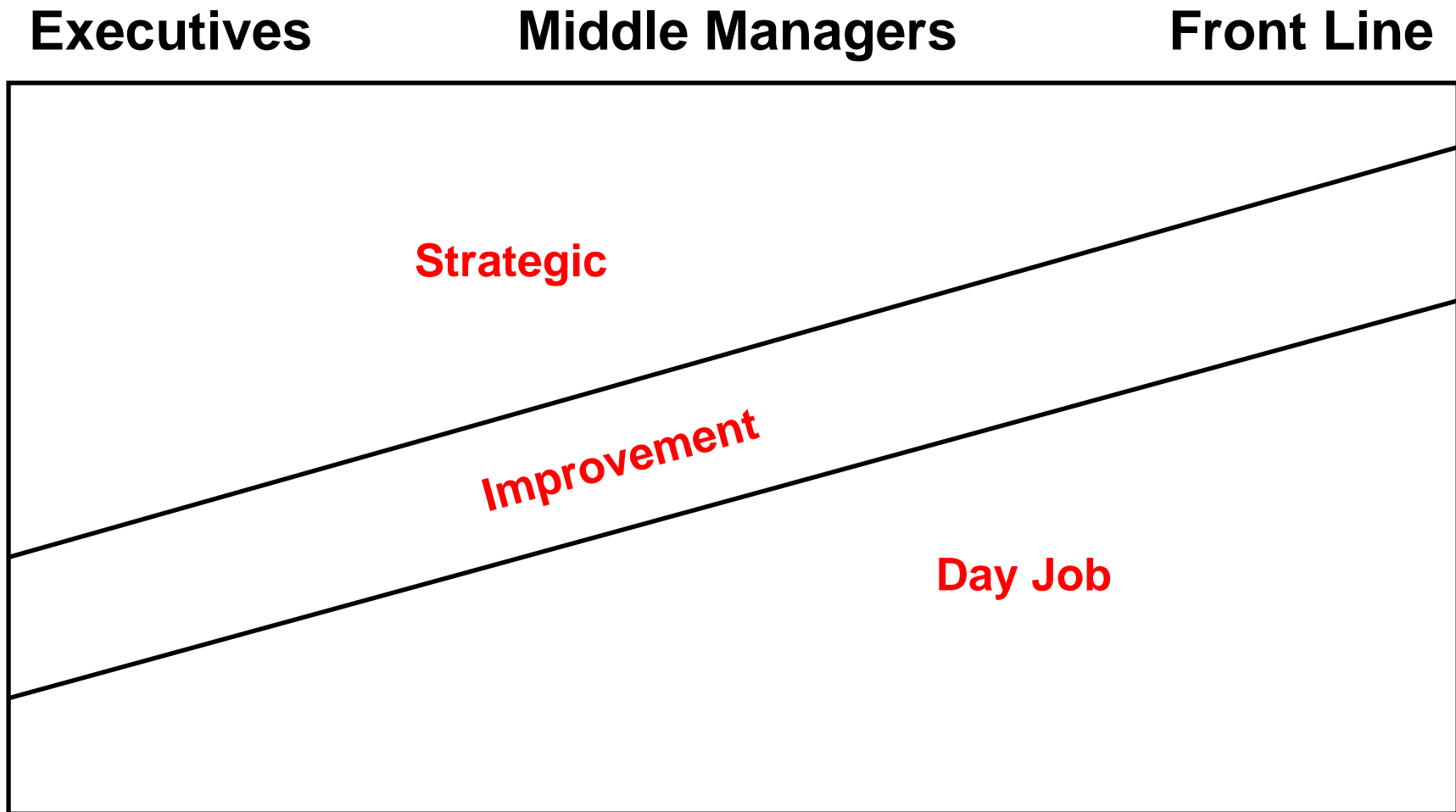
**Leading in a Lean  
context**

**Realising People  
Potential**

# Typical Current Activity State



# Ideal State



# Value Stream Management

# Value Stream Management

Improvement is managed through processes and value streams to deliver outstanding customer value with minimum bureaucracy and waste



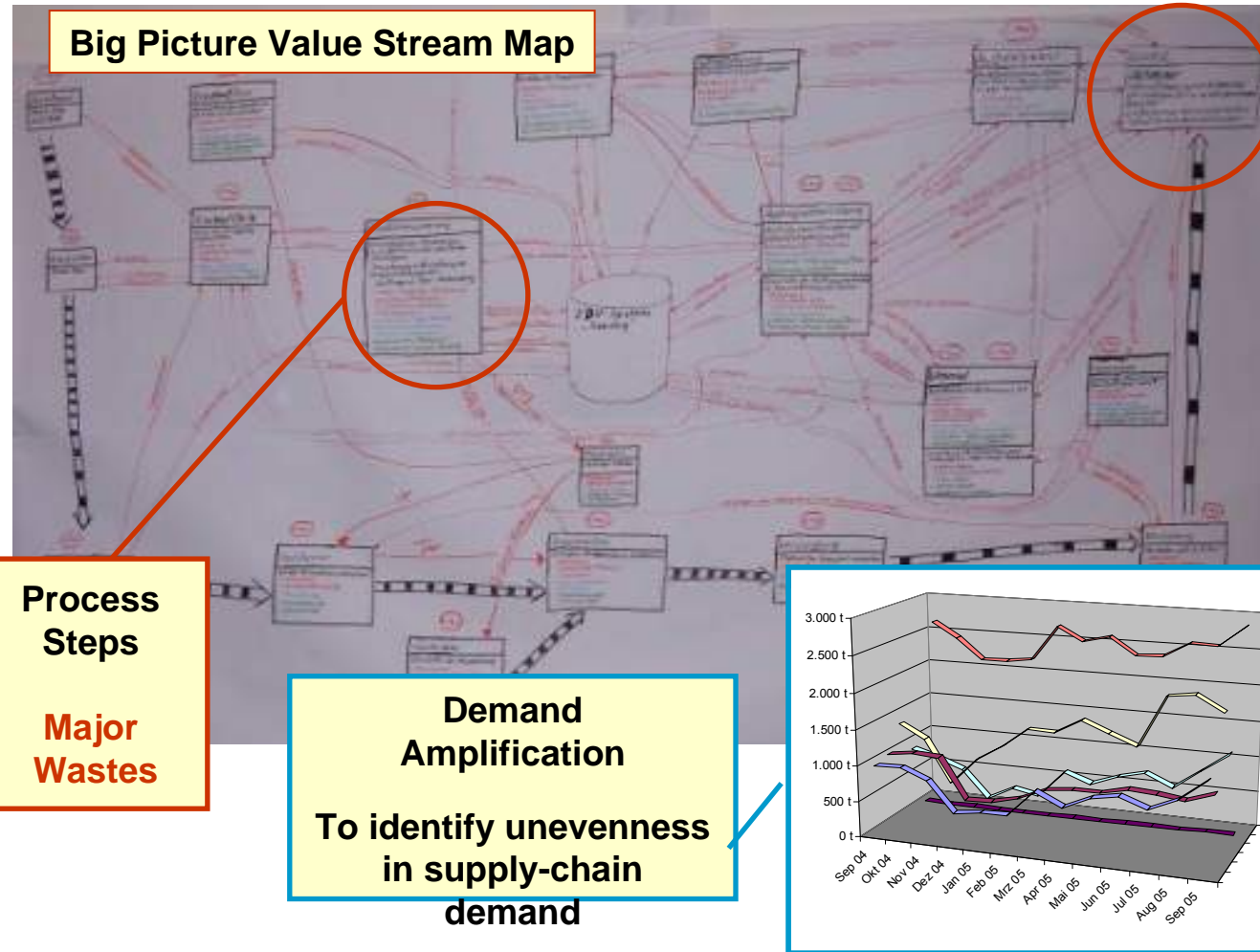
Understand Strategy and Customer Value

Mapping to identify Waste

Managing to the Future State Result

# Value Stream Management

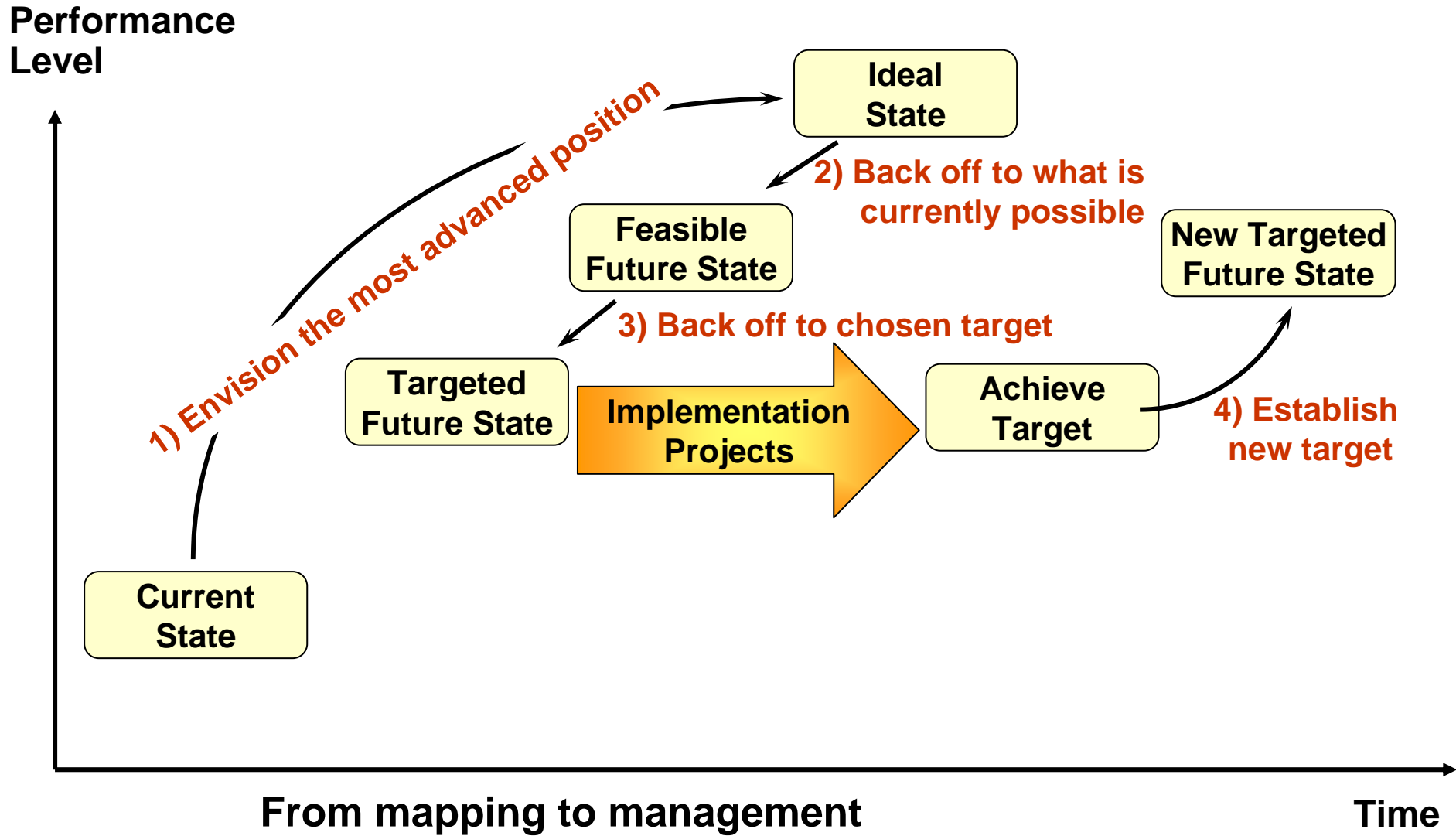
## An Example – Process Manufacturing



**Cross-functional Team**  
**Select Value Stream**  
**Map the Current State**  
**Understand Customer Value**  
**Identify Waste & Unevenness**



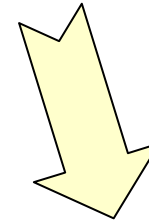
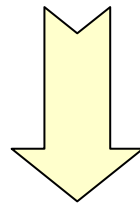
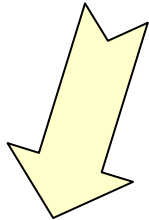
# VSM - Managing to the Future State Result



# Tools & Techniques

# Tools & Techniques

The organisation has a “daily habit” of continuous improvement that uses simple, visual tools and techniques that have been chosen and adapted for effective use



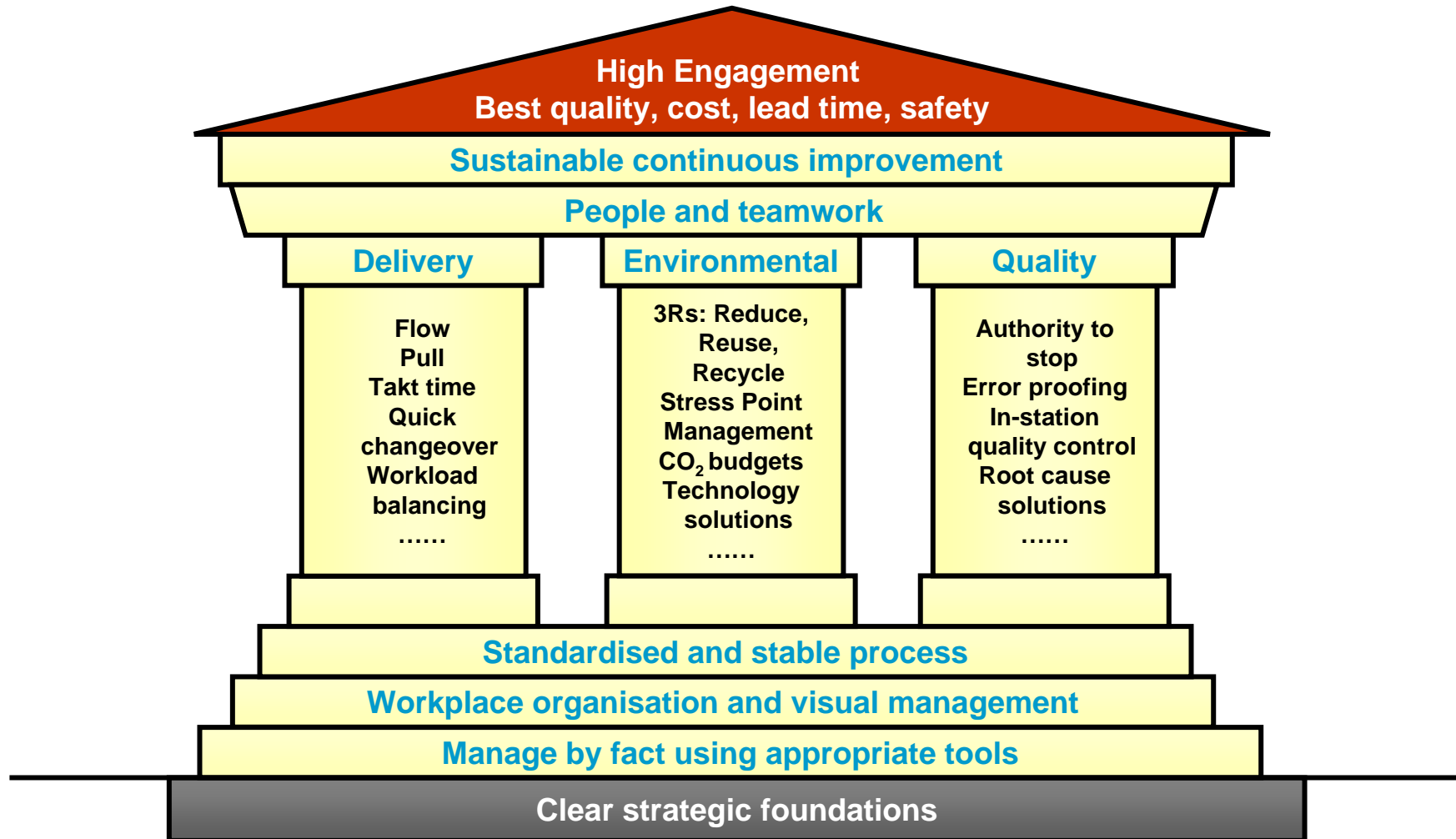
Workplace Foundations

Specific Tools & Techniques

Continuous Improvement Process



# The Lean Toolkit Model of Excellence



# Extended Enterprise

# Extended Enterprise

**The organisation develops integrated strategies & trusting relationships with the best external partners to deliver customer value and eliminate waste across the boundaries between organisations**



**End to End Supply Chain Strategy**

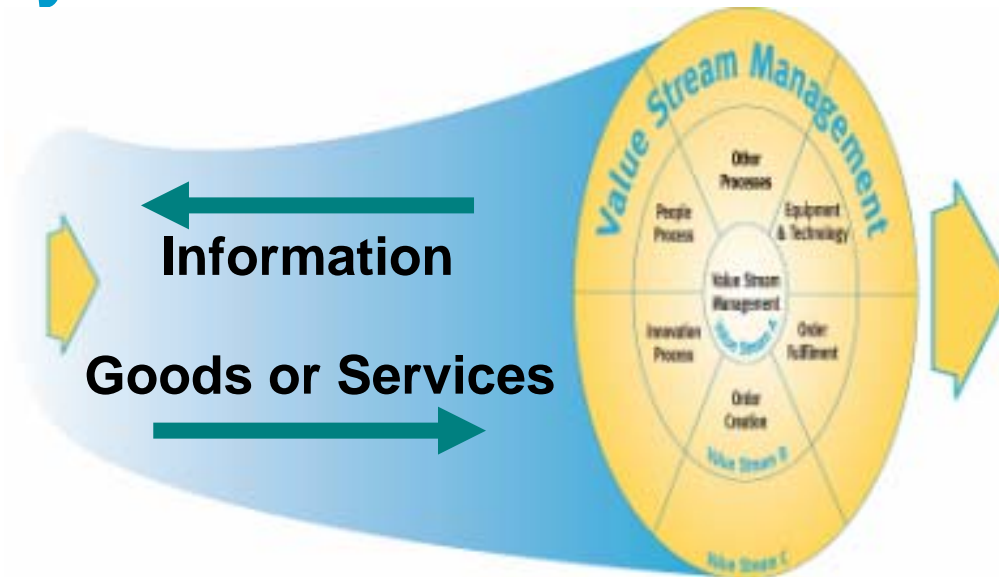
**Supply Chain Deployment**

**Collaborative Development**

# A Lean Supply Chain



**Bottom tier  
Supplier**



**Consumers**

**The Supply Chain is the upstream and downstream set of organisations that create and deliver the product / service to the end customer**

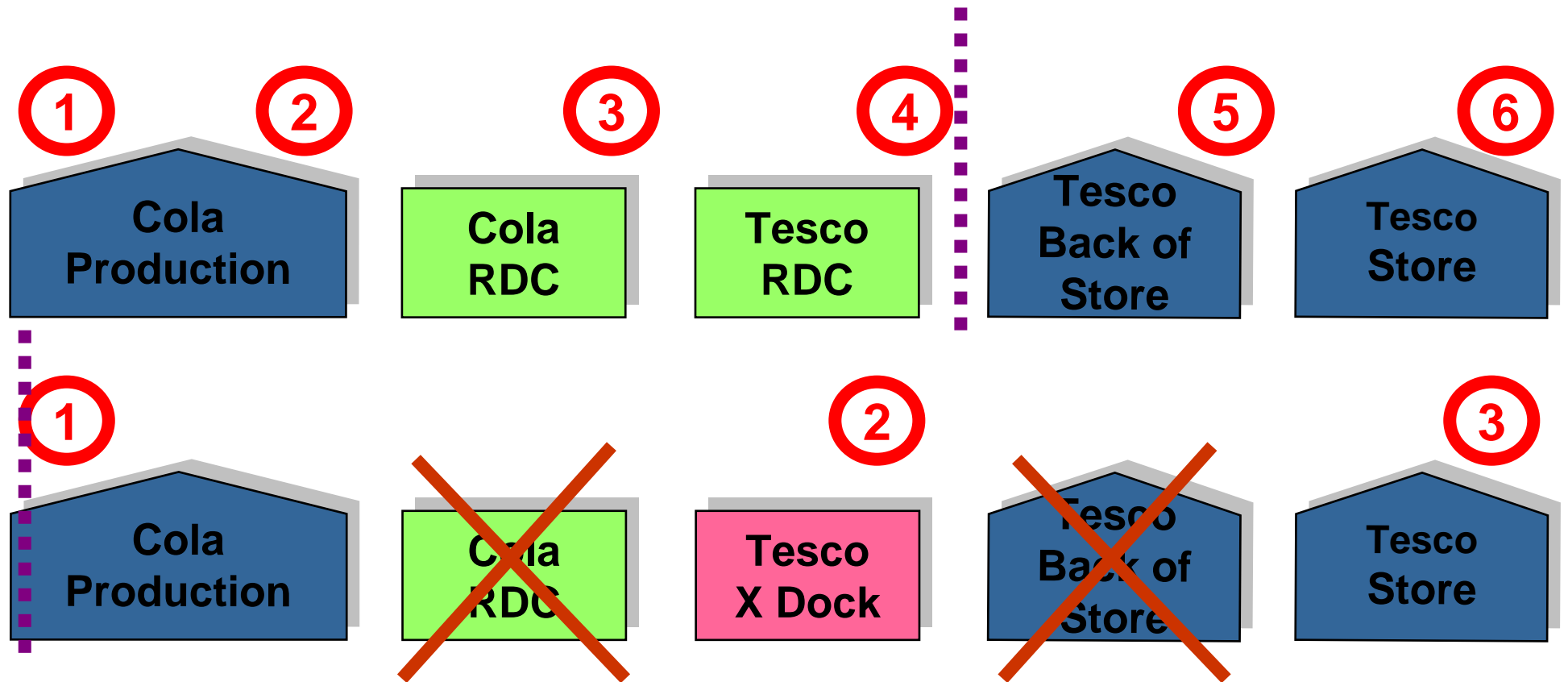
**There are two types of activity in the Supply Chain**

**Value Adding Activities**

**Non Value Adding Activities**

- ★ **Waste is found at boundaries**
- ★ **The bigger the boundaries the greater the Waste**
- ★ **The biggest boundaries are between companies**

# Tesco One Touch Replenishment



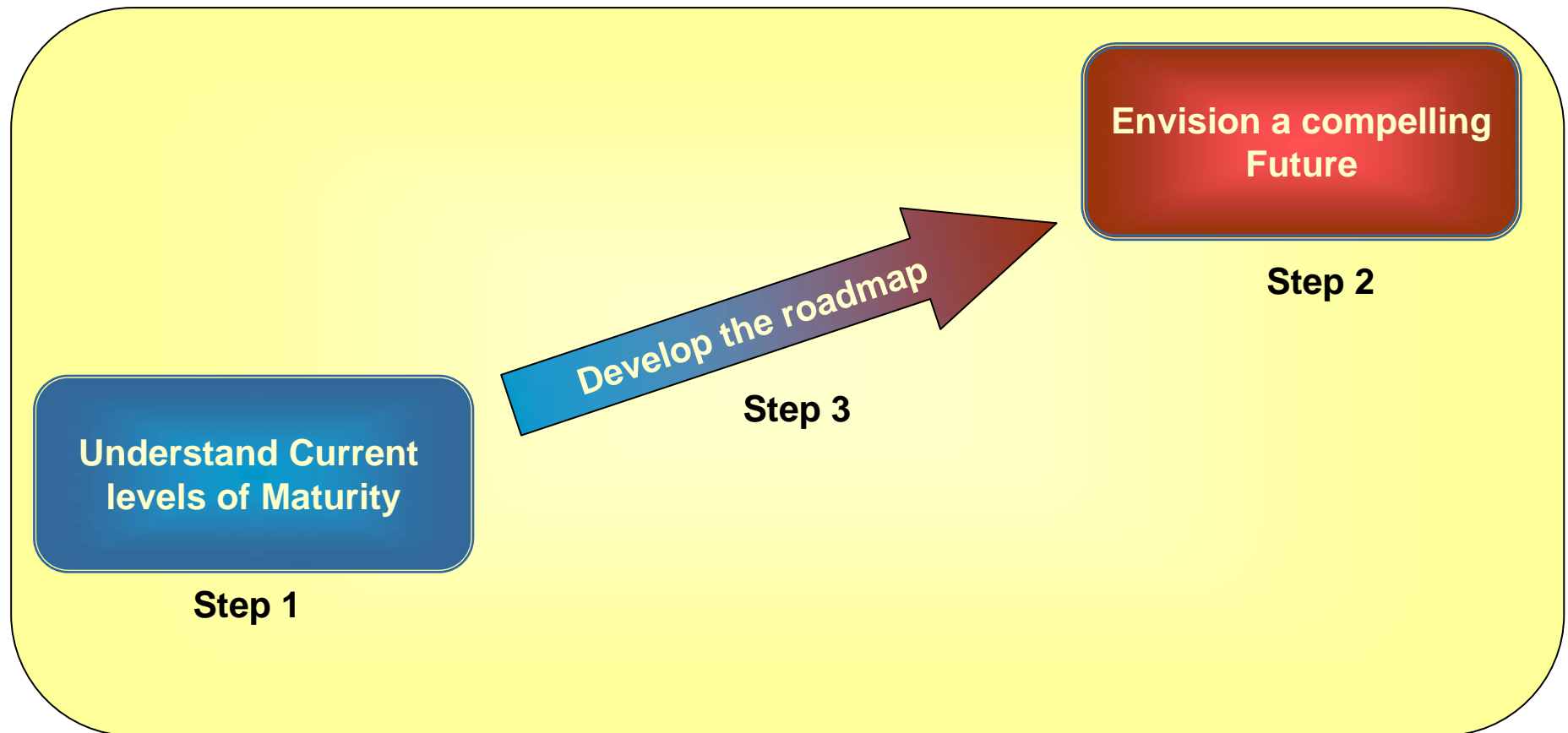
**30% Lower Logistics Costs**

# Tesco One Touch Replenishment

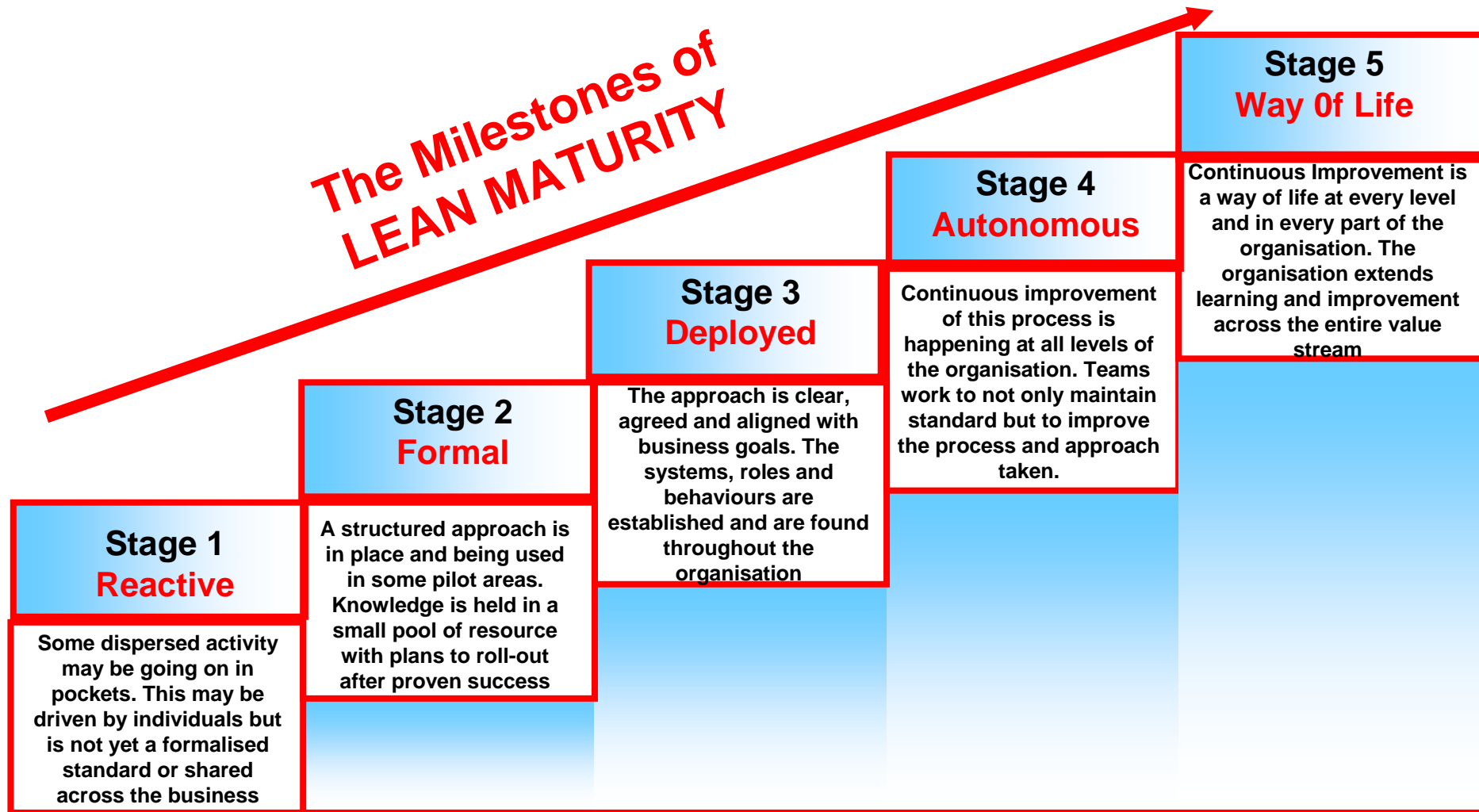


# Creating a Roadmap

# Creating your Roadmap – a 3 step process.



# Step 1 - Understand Current Maturity



# Lean Maturity Assessment

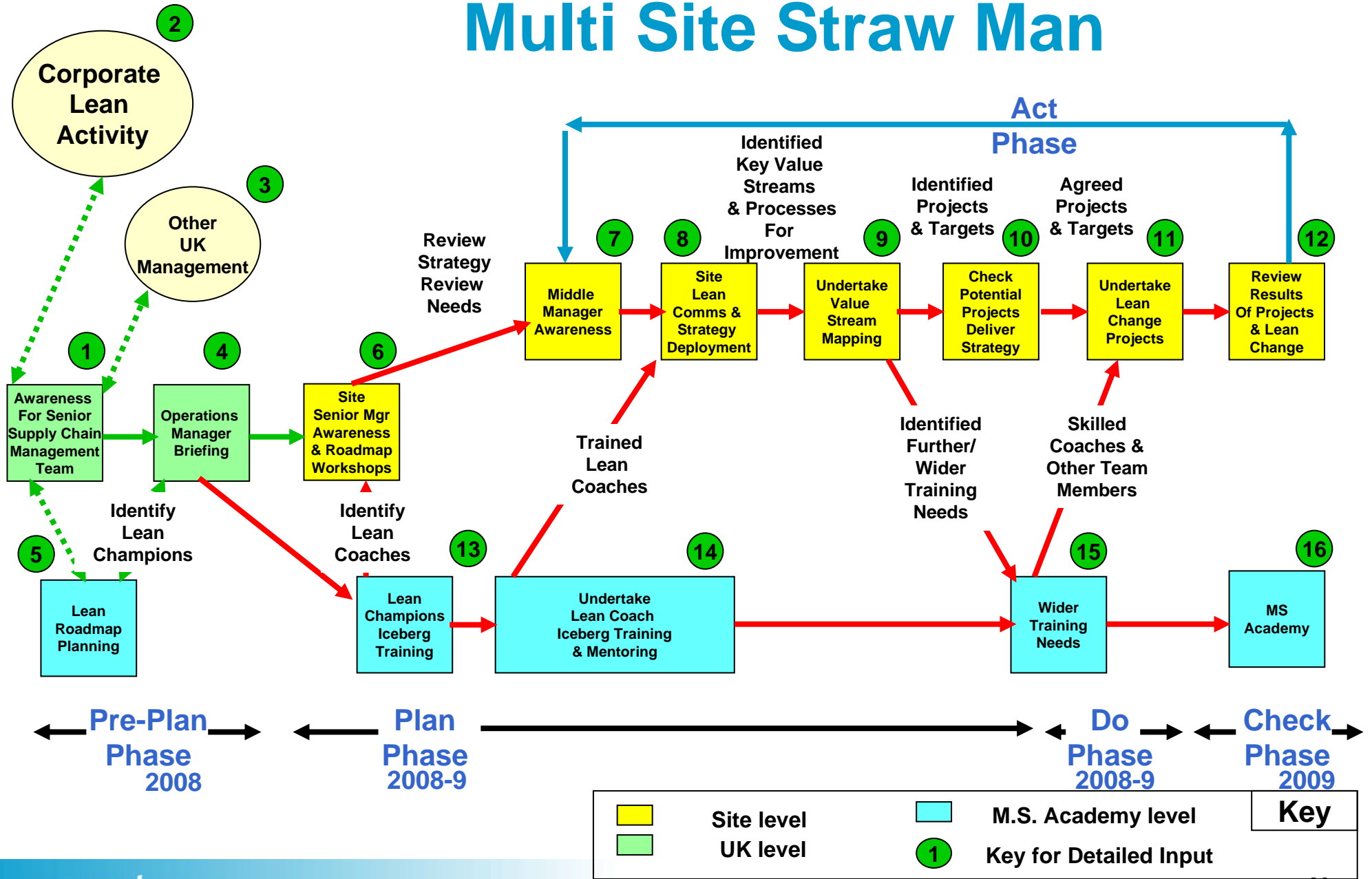
Where are we now, where will we be in 3 Years time and after the 1<sup>st</sup> Roadmap?

Milestone Attribute	Maturity Level Index				
	Reactive	Formal	Deployed	Autonomous	Way of Life
1 Ways of Working 2 Associate Autonomy 3 Share Best Practice	1 Reactive approach 2 Little / No involvement 3 Adhoc Learning	1 Formal Structure 2 Only Specialists 3 Team Learning	1 Goal Oriented 2 Selected Teams 3 Value Stream Learning	1 Managed Autonomy 2 Majority Involvement 3 X-Process Learning	1 Daily habit of CI 2 Full Empowerment 3 External Learning
Strategy Deployment					
Value Stream					
People					
Tools & Techniques					
Extended Enterprise					

— Current: Own team   
 — Current: External view   
 — 1<sup>st</sup> Roadmap: April 2011   
 — Future State: November 2012



# Multi Site Straw Man



## Further Information

★ For further information please contact:

★ Professor Peter Hines

- [Peter.hines@sapartners.co.uk](mailto:Peter.hines@sapartners.co.uk)
- 07778 840979

**Please also join Peter in his Linked In groups:**

Lean Business System <http://www.linkedin.com/groups?gid=1801885>

Lean Business System Food & Drink <http://www.linkedin.com/groups?gid=1836371>