

Integrating LEAN Process Improvement

Research has shown that nearly 70% of continuous improvement projects, such as LEAN or Six Sigma, fail to achieve their organizational goals. Sustainability has proven to be extremely difficult for most organizations. Why? There are three primary reasons that the continuous improvement projects fail:

1. Lack of executive commitment
2. Lack of understanding of the concepts of LEAN and Six Sigma
3. Lack of Integration with previous methods

Executive Commitment

Strong executive commitment is of upmost importance when implementing any continuous improvement process such as LEAN or Six Sigma. It is important to ensure executive commitment by aligning and reporting results using current corporate measures and strategic initiatives. Most companies track performance in four primary areas:

- Service** – How well does the company respond to the needs of the customer (understand the customer)?
- Assets** – How well does the company leverage its assets (Inventory, cash, equipment, facilities)?

Efficiency – How well does the company control costs (continuous improvement)?

Speed – How well does the company respond to a customer order (cycle time)?

One of the critical success factors associated with any performance improvement process is a strong commitment from the executive team. Experience has shown that although executives usually support continuous improvement processes, they rarely are actively engaged to help drive success. This disconnect is primarily driven from a lack of understanding by the executive team or a lack of communication from the improvement team.

Most executives spend much of their time developing specific strategic initiatives for the Organization and then driving those initiatives from a measurable set of metrics. Performance improvement processes have rarely aligned themselves to these metrics and rarely report results in the fashion in which the executive team evaluates the business.

To actively engage the executive team, you must report performance improvement activities as aligned to corporate strategy. You cannot expect the executive team to adapt to your way of thinking until you manage your deployment across the same key measures they use to manage the company. This involves linking to activities and strategic initiatives to capture the commitment from the executive team.

The LEAN Organization

The mission of any improvement process should be to “Delight Your Customers with Speed and Quality.” The primary goal of Lean is to reduce waste by focusing on seven primary areas:

Over-production – High inventory levels, many orders, staging too much product

Transportation – Non-value added movement of product, poorly designed facility, stage to stage moves

Motion – Walking, bending, lifting, searching

Waiting – Waiting on paper work, order inspection, loading and unloading of equipment

Over-processing – Over inspection, complex documentation, complex work instructions, unnecessary record keeping

Inventory – Inefficient storage and handling of inventory, poor inventory control, obsolete inventory

Defects – High number of defects, poor quality control, poor processes

The ability to map the process flow and identify the activities that add value from the customer’s perspective is the primary function of a Lean Organization.

Improve Current Operations with Minimal Investment

The Six Sigma Organization

What is Six Sigma? Six Sigma is a statistical measure for determining process capability. Six Sigma quality levels equate to 3.4 defects per million opportunities. Six Sigma is:

- A proven set of tools and tactics for reducing variation
- A successful management strategy used by companies like; GE, Motorola, Texas Instruments, Allied Signal, Sony and many others

- A comprehensive philosophy regarding Operations Excellence
- A complimentary discipline to existing tools
- Uses project implementers called “Black Belts” and “Green Belts” with executive project sponsors

Six Sigma is a focus on Customer requirements through the use of statistical tools and structured problem solving. LEAN Six Sigma integrates lead time, costs and quality through a strategy that drives successful projects.

Integration with Previous Methods

Over the years many companies have claimed to save thousands of dollars through the use of LEAN and Six Sigma. Did the savings come because of Lean or Six Sigma processes or simply from the fact that an intensive focus was applied to these areas (The Hawthorn Effect)?

In the past, companies have improved through the use of other methods such as:

- Quality Circles
- TQM
- Business Process Continuous Improvement
- Cross-functional Teaming

Companies should take an inventory of the training that was provided to the employees through some of the previous process improvement methods mentioned above.

Additional training can be added to make sure that the once successful members of a past continuous improvement process understand the advantages of the LEAN process improvement approach. The approach is as follows:

Create a LEAN Process Improvement Team – cross-functional

Identify current state – map the processes

Identify waste – use Value Stream Mapping

Brainstorm ideas – utilize team

Define future state – create new process map

Companies can see tremendous improvement by focusing on the principals of LEAN Process Improvement. Previously developed improvement approaches can be rejuvenated and modified to capture past success while maximizing future opportunities through LEAN Process Improvement.

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