



Linea Insights

**Lean Transformation
Don't Boil The Ocean!**

Quick Lean Transformations Can Work

One of the more common mistakes that companies make when starting up a Lean deployment is trying to do too much at once. ‘Boil-the-ocean’ initiatives are very long, costly and often end up faltering or even completely failing under the weight of their own expectations.

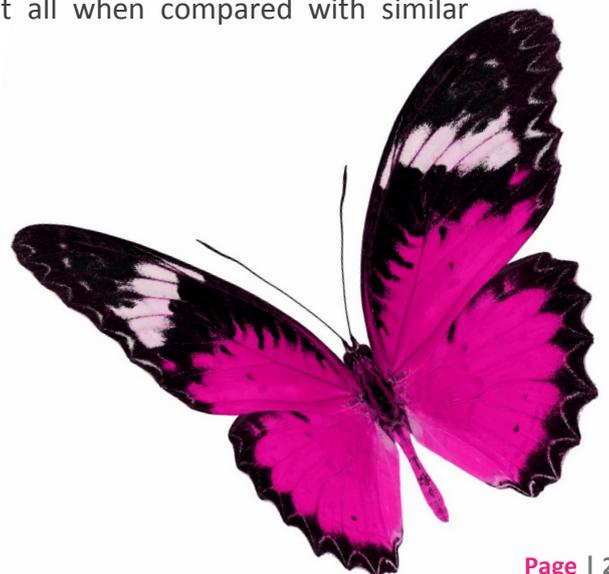
The simple fact is, smaller and faster can be better when it comes to Lean. Based on past experience, one thing is clear. An operational ‘health check’ and a few focused changes can have a significant positive impact on cost and performance.

Organisations will often see substantial savings in certain areas in just a few weeks. The thing to remember is to select the right improvement areas by taking the time to quantify the potential value they could deliver, weigh up the trade-offs and home in on the top three or four priorities to address immediately.

On the face of it, this may seem blindingly obvious but many organisations either don’t take the time or don’t have the technical or analytical skills required to look across a number of functional areas, reveal the underlying issues driving cost, quantify the improvement opportunities and evaluate the relative benefits. Once they employ these diagnostic skills they can see the potential opportunities.

Clarity on the payoff is an important first step, but sometimes even when the source of problems and the financial benefits of addressing them are clear, no action is taken. There may be too many competing priorities, insufficient resource, limited access to the funds needed to get the programme off the ground, or even just plain inertia. Another common problem is that companies think that they have already done all that they can to reduce waste, cut costs, and improve efficiency, so they don’t look any further.

In addition, there are often “hidden” costs that, by definition, are not immediately visible, especially in complicated multi-site production operations. What looks lean in one operation may not actually be very lean at all when compared with similar operations elsewhere.



Clearly, the best opportunities for quick improvements in manufacturing costs and performance lie in five important areas:

Equipment: Reducing machine downtime, improving maintenance and overall equipment effectiveness (OEE) and subsequent output.

Processes: Standardising work, eliminating non value adding steps, optimising work flow and improving production line staffing.

Inventory: Optimum sizing, reviewing buffer stock levels, streamlining material flow and improving demand forecasts.

Material Yield: Reducing loss from scrap or obsolete stock.

Logistics: Improving warehouse productivity and reducing freight costs.

Although these categories are very broad, the key is to focus on a small number of specific issues in a few high-impact areas. Interestingly, the biggest opportunities for quick wins seem to be in overall equipment effectiveness (OEE), line staffing, and waste / scrap reduction, quite possibly because these areas are the easiest to review and analyse, can be changed without any major investment, and almost always have room for improvement, no matter how much attention has been paid to them in the past.

Done correctly, a 'fast lean' approach can generate major savings and be a catalyst for a larger lean transformation, even sometimes funding it.

To get started, organisations should keep in mind four simple guidelines:

1. Prioritise opportunities based on time to results, relative effort and financial impact.
2. Focus scarce resources on top priorities to generate quick wins.
3. Develop a coordinated effort within and across plants or factories to rapidly identify and adopt best practices.
4. Create an environment that rewards speed and an acceptable level of risk taking.

If a broader lean program is already underway, this approach can provide an extra boost and increase overall momentum. After all, there is no better way to selling Lean in an organisation than fast, tangible performance improvements that people can see and touch and that directly influences the bottom line.

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