



Ready for Lean Admin?

Lean manufacturing is no longer an exotic concept. Thousands of U.S. companies have adopted the Toyota production principles, both on the shop floor and beyond.

In addition to these improvements in their manufacturing processes, many of these companies are streamlining administrative areas as well.

A Diet for the Back Office, Too

Administration, in its broadest definition, includes all of a company's operations except manufacturing and distribution: accounting, IT, sales and marketing, etc. In applying lean principles to these functions, companies seek two benefits:

- First, they increase capacity — the primary goal of all lean initiatives — by reducing waste in the functions themselves. A company must decide — just as it must decide on the production floor — how to use this newfound administrative capacity. Should it undertake ambitious sales campaigns to increase revenue, or streamline call centers to reduce costs?
- Second, and more importantly, these companies are transforming their administrative organizations to support lean manufacturing — the fundamental transformation taking place in production.

Lean administration, like its counterpart on the shop floor, begins with a value stream map. This “current state” snapshot shows the flow of materials — not cold-rolled steel coils, but invoices or bills of lading. If it's complete and accurate, the snapshot reveals bottlenecks and wasted energy.

Help the Troops Help You

To develop a value stream map, a business analyst draws knowledge from employees who perform the tasks in question. If you make it worth their while, they'll help you find the waste — and end it.

For example, when a team of telecom billing reps examined their dispute-resolution procedures in detail, they found several that technology had made redundant. The reps themselves insisted that the wasteful practices be retired.

By working through the “current state” map, the company creates a “future state” map — how things *should* work. This map is developed by carefully walking through a production or office process, backward and forward, end to end. Managers can use this process to streamline the entire work flow.

The mapping process — and the transition to the future, lean state — requires a continuous back-and-forth conversation between managers, analysts and employees. The implementation must drill down to details at every level, make the right decisions at high levels, forge these into a plan and put it into practice.

The decision to undertake lean administration should not be made casually. Cutting out waste is no easier in an IT department than it is in a foundry.

Wasteful practices can disappear from process flows — but the telecom referenced above found some of its old billing practices in use a year later. Remember how stubborn the old machinists were? Don't take the back office for granted. Manage change intelligently.

Our firm provides expert business analysis, and we can help you implement lean administration — intelligently.