

Thinking Lean at the Functional Level

A company must challenge all current business practices and improve them by implementing lean principles and practices. Here are several questions that you should consider when implementing or expanding the lean approach in your office functions.

SALES, MARKETING AND OPERATIONS

- What is the value to the organization in having complete and accurate information entering the business (i.e., orders, quotes)?
- What is the cost to the value stream of selling products that do not fit well in the production value stream?
- What are the consequences to the organization of making commitments, such as ship dates, that are unrealistic?
- How much waste would the company eliminate if sales and marketing worked with operations as a team?

ORDER PROCESSING

- What would be the consequences of eliminating order entry for some or all value streams?
- How can you reduce the number of order entry transactions and reduce the impact of the volume on the rest of the value stream?
- What is the negative impact of incomplete or inaccurate information originating from order entry?
- What would be the effect of reducing skills required to perform order processing using work simplification and standardization?
- What would be the impact of greater teamwork between the functional areas in order processing?

NEW PRODUCT DESIGN

- Would the quality and quantity of the design activity be improved by a better filter of projects? If so what would be the impact on R & D capacity and the rest of the value stream?
- What wastes could be eliminated downstream if designs were not “thrown over the wall” to the next function (i.e., purchasing, production)?
- What would be the impact on the value stream of improving the process lead time of the iterations involved in designing a new product?
- What waste can you eliminate by using standardized work throughout the design process?
- Can you reduce batch sizes in the design process? In other words, can you release smaller design elements to the next process in order to improve flow, reduce quality problems, and achieve leveling?

INVENTORY CONTROL

- How can you simplify inventory control through the visual organization of materials at point of use?
- What is the impact of smaller, more frequent deliveries from suppliers on inventory control activities?
- What will be the impact of reducing reliance on computer-based methods to control inventory?

PURCHASING AND INVENTORY MANAGEMENT

- What effect will the use of pull/Kanban material replenishment systems have on the purchasing and inventory management activity?
- What is the value of developing strategic partnerships with suppliers, as opposed to selecting suppliers solely on the basis of price?
- What activities will change with the incorporation of vendor managed inventories?
- What is the impact on the value stream if you eliminate purchase orders and replace them with blanket order agreements?

SCHEDULING AND PRODUCTION CONTROL

- How will regular production meetings change as a result of implementing flow and pull systems?
- What changes will be required to existing scheduling systems to support smaller increments of work flowing through the operation?
- What is the impact on the value stream of a significant reduction in the number of rush orders?
- What will be the effect on scheduling activities of a more level volume and mix of products flowing through the operations?

COST ACCOUNTING

- How do cost accounting activities change as the company creates flow and standardizes work?
- What is the impact of current cost accounting practices on the value stream (i.e., labor reporting)?
- How would understanding the actual overhead would cost in a product family influence strategic and operational decisions?
- Is cost-related information generated on a timely basis in order to effectively support operational decision making?

GENERAL ACCOUNTING

- What is the time and effort required to perform month-end closing activities throughout the enterprise?
- What would be the impact on the accounting function if you simplified labor reporting and improved inventory control, receipt of goods, and shipment of finished product?
- How does the batching of accounting transactions (i.e., invoices, expenses, and receipts) affect the ability to manage the value stream?
- What would be the impact to the organization if the accounting function reduced its portion of the order-to-cash lead time?

HUMAN RESOURCES

- How can you change compensation practices to reinforce lean behaviors such as teamwork, standardized work, and cross training?
- How does standardized work throughout the organization change or alter the training of new employees?
- What is the cost associated with employee turnover? What is the financial benefit of improved retention?
- What would be the benefit to the organization of simpler more frequent employee performance appraisals focused on value stream performance?