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“We’re unique.” “That won’t work here.” “We’re different.” “While every company wants to feel ‘special’, many organizations focus so intently on their uniqueness that they forget that most of the challenges they face are the same as those faced by their neighbor down the street,” says Rebecca A. Morgan, president of Fulcrum Consulting Works, Inc., a Cleveland, Ohio consultant and expert in Lean Manufacturing. “If time is money in your business and errors are expensive, then the philosophy and techniques of Lean can likely improve your operations significantly and ultimately the bottom line of your business,” she adds.

Lean Manufacturing is a term used to describe fundamental attributes of the Toyota Production Systems (TPS). “While TPS was developed in a manufacturing environment and by Toyota, other industries and organizations have seen its application and success,” Morgan says. “And more can.” And Morgan should know. “In my experience, Pareto’s 80/20 rule applies when looking across industries as well as within them. Eighty percent of a company’s business issues are basically the same as those faced by every other business; it’s critical that we learn from others. In the mid ‘80’s, I left Stouffer’s frozen food division and accepted a position with TRW’s Aircraft Components Group. The transition was easy because the similarities were more widespread than were the differences,” she says.

As companies become more willing to learn from others how to enhance competitiveness, the principles, philosophies, and practices of Lean Manufacturing can be extremely valuable. Rebecca Morgan describes how the 3 fundamental drivers of Lean apply across industries:

1. Focus on the Customer and Customer Value

You have to know your market and what it values. What your customer values, he will pay for. Costs that you add for things not valued by the customer come out of your pocket. And not all markets value the same things. Price is the deciding factor in some markets, but not in most.

For example consider the Cross pen/Bic pen comparison: people who buy Bic pens just want something to write with that won’t make a mess. The people who make Bic pens don’t need to spend a lot of time polishing them and making sure every pen is perfect because their customer is more interested in function than looks. People who buy Cross pens also want something to write with, but they’re also buying how it looks in their pocket and feels in their hand. The outside of a Cross pen has a different quality standard than that of a Bic pen. Over-finishing the Bic adds cost, but not value; under-finishing the Cross pen sacrifices sales and market share because it saves cost but at the expense of customer-perceived value. Two markets, two different value propositions.

With provider skill relatively comparable, many healthcare consumers value timeliness and communication. Buyers of insurance may value timely response to claims or having a local agent. Regardless of your industry, know your market and focus on what it values.

2. Eliminate Waste

Waste is anything that adds cost without adding value that the customer is willing to pay for.

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While employees want to take pride in their work it's important that they understand what is worth doing and what is not. Polishing a Bic pen to perfection is not worth doing, it adds cost, not value.

Airlines should have asked the question years before their current financial woes: "Why are we offering food in coach class? Those customers look to us for safe, comfortable, affordable transportation, not food." Southwest Airlines realized they were in the transportation business and have been successful while not offering in-flight meals.

Every business has waste – things done that are not valued by the customer. Some wasteful activities can be stopped immediately. Useless reports, useless meetings, unnecessary controls are just a few common examples. Others activities may be necessary now, because you currently don't know how to execute your business without them, but are waste nonetheless. Those require process improvement or some other method of eliminating the root requirement of their being carried out. The taking of physical inventories or fixing incorrectly processed paperwork are just two examples of waste. The customer does not value them and will not pay for them, but you may not know how to operate your business without them yet.

3. Continuous Improvement

Everybody, everyday: That's the commitment of continuous improvement. Satisfaction with the status quo, or with sporadic improvement, allows your competition to gain ground and pass you, leaving your business gasping for survival.

Contrary to Philadelphia 76er's basketball star Allen Iverson's belief, practice does make a difference. An organization has to get better every single day. Iverson got in trouble because he was late for practice and said, "we're talking about practice," disdaining the need for practice as long as he played hard during games. In every business, if you're not getting better every day, you're losing ground. Maintaining performance is losing ground. Your competition is getting better. You must be constantly working to improve, faster than they are. And your biggest threat may be in another industry or another country right now.

Here are a few examples of businesses across industries that have successfully implemented Lean principles:

Look to Pella Windows and other Iowa manufacturers working to reduce the costs of employees tied up in the molasses-like pace of medical appointments and tests, as well as the costs of medical mistakes. Sharing the Lean philosophy, they are working with selected Iowa healthcare providers to reduce wasted time and errors. Will insurance rates go down? Maybe someday, but if the time employees spend waiting for medical care and the number of medical mistakes made are reduced, how can it not help those manufacturers and the medical organizations themselves?

By applying Lean techniques, major home builder KB Home has significantly reduced its lead time from identifying land for acquisition to having cash flow from that land, as well as errors during those processes, translating to millions of dollars to the bottom line.

Bank of America uses Lean approaches and Six Sigma, a methodology to control variation, to cut cycle times and increase reliability for decision making and for information flow in their processes.

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For a company to succeed, the marketplace must see its product or service as a better value than the competitors'. Rebecca A. Morgan says that to focus on company or industry uniqueness to the exclusion of the 80% of your business that is similar to others can keep a company struggling for survival instead of spring boarding to success. "Businesses across industries have gained significantly from the adoption of Lean Manufacturing. Almost any company can use the same principles to enhance market share and profitability," says Morgan. "If it has worked in numerous manufacturing industries, in healthcare, in construction, and in banking, isn't it worth considering in your business?"

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Since 1990, Rebecca A. Morgan, President of Fulcrum ConsultingWorks, Inc. has generated bottom line improvements for her clients through development of more effective operations. Sign up for her informative newsletter at www.fulcrumcwi.com.

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