

Office Kaizen

Making Lean Work in Service Environments

A Kaufman Global White Paper

Kaufman Global, LLC
Tele: +1 317 818 2430
www.kaufmanglobal.com

KaufmanGlobal
ACCELERATING PERFORMANCE

Introduction

Lean manufacturing / kaizen has become the Holy Grail of operating philosophies for most manufacturers in competitive environments. No other approach has been proven to reduce inventory, cycle time and costs while increasing quality over the long-term. Lean / kaizen techniques have proven that they can improve manufacturing productivity by 30 to 90 percent (along with improvements in cycle time, inventory and quality) in every industry from automobiles to electronics.

Despite these successes, there are much bigger competitive fish for Lean / kaizen to fry. Hands-on manufacturing labor accounts for an average of ten percent of total product costs in the United States. Non-manufacturing costs comprise 90 percent of total product costs (and over 95 percent of total life cycle costs). The potential cost, quality and customer service savings are mind-boggling.

Regrettably, the response to this opportunity has been to leave Customer Service, Order / Claims Processing, Planning, Sales, Engineering, Accounting, Materials, Human Resources, Administration, Finance and back-office functions to their own devices to meet the competitiveness challenge. Lacking the opportunity to directly experience the success of Lean/kaizen techniques, the quest for improvement in these office groups typically generates a succession of “here-today, gone-tomorrow” programs. Most have little more than three-ring binders to show for years of “world-class improvement initiatives.” Without a consistent philosophy, structure and methodology for improvement, non-manufacturers struggle to compete by cutting personnel while embracing the newest technology innovation. This approach never works for long, because it does not deal with the root causes of inefficiency and poor quality.

There are insidious, profit-devouring forces hard at work in all “office” environments. Operating below the radar of management, these forces compel well-intentioned employees and managers to compromise the very processes and services they are struggling to improve. These forces can be addressed in much the same way Lean / kaizen methods work to check wastes and improve performance in manufacturing environments.

This white paper describes the Office Kaizen approach to systematically creating a culture of effective communication, proactive issue resolution, waste elimination, and continuous improvement. While the paper describes Office Kaizen as a structured initiative, the objective of a successful Office Kaizen implementation is an installation of the structure and behaviors required to sustain continuous improvement.

What Is Office Kaizen?

Office Kaizen is the term coined by Kaufman to refer to the application of Lean / kaizen techniques to non-manufacturing areas or entire organizations. *Kaizen* is a Japanese word meaning “small, on-going good” (*kai*) and “good, for the better” (*zen*). In recent years, kaizen has been defined as “small improvements generated by hands-on workers through the application of a variety of structured, low-technology methods.” It is a philosophy, a leadership style and a set of tactical tools. Office Kaizen is not a direct translation of Lean production methods to office, or service environments. Rather, Office Kaizen is Kaufman’s evolution of the

best practices of Lean operations, kaizen methods and reengineering approaches into a systematic, repeatable methodology for achieving excellence in non-manufacturing areas.

Why Is Office Kaizen Needed?

Kaufman's Office Kaizen process improvement system is essential, because it achieves long-term, consistent and repeatable excellence in administrative, engineering and office processes and functions. The occasional reengineering effort yields short-term results, but they seldom last more than six months. Long-term excellence demands both short-term improvements to meet crises and a new structure and culture of excellence that will sustain improvements and build upon them. Every day, in every industry, we see the consequences of allowing office functions to operate without a framework for sustained excellence:

- Organizations install e-mail and voice-mail systems but still have difficulty getting people from the same work area to accurately communicate about key issues.
- Executives discover that a critical project is running behind schedule, and everyone who was supposed to be involved disavows responsibility (or even knowledge of the effort).
- Engineering teams comprised of highly talented professionals miss design and customer satisfaction issues in product after product.
- Sales and customer service departments continue to make the same order processing mistakes over and over, despite their best intentions.
- Paper and data processing departments cannot increase quality, provide better service, or lower costs despite continuous additions of expensive new technology.
- Customers continue to complain about the same issues despite endless "teams" and management tinkering.
- There doesn't seem to be the world-class passion, involvement, pride and fervor in office operations that one encounters in world-class manufacturing operations.

The Benefits of Office Kaizen

The problems described above are not facts of life that must be accepted. Office Kaizen can rapidly, efficiently and permanently eliminate them. A sampling of recent Office Kaizen implementation efforts demonstrates the dramatic impact that this approach can generate and sustain:

- A large, European electronics distributor implemented Office Kaizen in its Purchasing, Customer Service / Inside Sales, Marketing and General Administration areas. The objective was to allow the organization to dramatically reduce head count (to fund an expansion of their markets) while improving Customer Service performance in a commodity business. Achievements in seven months included:
 - A head count reduction of 60 (out of 320 in one location) within five months while increasing the net number of customer-facing personnel.
 - An increase in general office performance from 24 to 41 points on the *20 Keys[®] of Office Kaizen*. (The *20 Keys* are explained later in this white paper.)

- A concurrent, major information system installation effort (Customer Service / Order Processing) went smoothly for the first time in company history.
 - Order processing (to delivery) time was reduced by 15 percent.
 - The *Lean Daily Management System* was installed in 23 field sales offices, improving customer response time (to inquiries) from 74 percent to 98 percent in the same day. (The *Lean Daily Management System* is described later in this white paper.)
 - Order accuracy improved from 95.3 percent to 99.8 percent.
 - Eighteen Central European sales offices increased an average of six points on the *20 Keys[®] of Sales*.
- A leader in the design, manufacture and sale of equipment for delivering electrical power performed a series of Office Kaizen rapid improvement events (RIE) in various portions of the sales process (over 150 sales field offices). RIE are one-week, highly facilitated events that focus on rapid operational improvement in a specific work-area or “cell.” The results attained in five events (each using three to five people for one week) are described below:
 - Drawing approval process – Process hand-offs were reduced from 53 to 13; 17 to 48 plant-level, labor hours were saved at every facility, resulting in an annual savings of 9,900 hours of labor (over \$315,000 per year fully loaded).
 - Sales order processing – The number of process steps was cut in half from 26 to 13 steps; the number of order “touches” was reduced from 52 to 30; the cost savings were \$126,000 annually in direct labor and freed up sales time that equated to an additional sales opportunity of \$600,000 annually.
 - Engineering changes to sales orders – Hand-offs were reduced from 14 to 5; actual hands-on, work time was reduced from an average of 7.5 hours to 2.75 hours.
 - Plant-level order processing – Hand-offs were reduced from 60 to 46 with the biggest gain resulting from the elimination of the print room from the process; three people were made available for other tasks; cycle time was reduced by 26 percent for standard low-volume products and 83 percent for high-volume products, resulting in an estimated cost savings of \$625,000 annually.
- A multi-billion dollar, industrial service corporation operating in approximately 70 countries worldwide (84,000 employees) wanted to implement a more structured, team-based research approach. The project team, then in its fourth year, was comprised of ten full-time, research scientists and their support and engineering staffs (and a European partner with a similar sized staff devoted to the project) who were struggling with the largest research project then underway in the corporation. Results included:
 - Within four weeks, management and the team were able to generate the first universally agreed-upon schedule with budgets, roles and responsibilities and deliverables.
 - Response time to specification changes between the U.S. and European partners was reduced by 40 percent.
 - The team was able to arrive at a technical and market feasibility decision about the new product five months earlier than expected.

- The teams showed an improvement in the *20 Keys® of Project Management* from 26 points to 55 points.

Why Do Office and Administration Problems Keep Happening?

There are three primary driving forces that create a fertile environment for office and administration problems to occur. They are:

1. Basic human behavioral tendencies.
2. Attacking problems with improper approaches.
3. Addressing issues at the incorrect process level.

These forces operate individually and in concert to create problems, disguise inefficiencies and frustrate management rescue efforts. A brief discussion of each will demonstrate the strength of these forces and why they must be dealt with systematically.

1. Basic human behavioral tendencies – People in office environments often work for long periods on computers, on the phone and on paperwork. A very large portion of each person’s work is done without significant review, measurement, coaching and direction. People do their jobs and if there are no large, visible problems, they get little or no feedback and assume they are doing fine. This situation gives workers the freedom to do what they think is best. The difficulty is that “best” is rarely defined objectively in terms of what is ideal for either the function or the overall business. Left to their own devices, employees define “best” with a variety of subjective criteria, depending upon their interests, training, knowledge, doubts, fears and personal priority rankings. Consequently, people often use the following criteria to determine what to work on, how hard to work on it and whether or not to bring an issue to management’s or the work group’s attention:
 - a. Work that is interesting.
 - b. Work that is fun.
 - c. Work that is easy.
 - d. Work that makes me look good.
 - e. Work that I do best.
 - f. Work that creates the least conflict.
 - g. Work that I understand the most.
 - h. Work that gives me a sense of accomplishment.
 - i. Work that will keep me out of trouble.
 - j. Work that my boss likes to see.

The perfect worker / job match is one in which the worker’s criteria shown above provides the organization with what it objectively requires to meet optimum performance levels. Of course, no such job exists. Occasionally, all employees have to admit weaknesses, create conflict, learn new things (sometimes with difficulty), perform menial tasks, challenge the boss’ thinking (albeit carefully) and do many other things that are definitely not fun. The problem is that, in an office environment that does not use Office Kaizen techniques, there

are few objective, performance criteria to guide employees on an hour-to-hour basis. Small problems slowly build to create big ones, and when a disaster occurs, nobody can understand how it happened or what could have been done to avoid it.

2. Attacking problems with improper approaches – Many managers look to “bold, new ideas,” or BNI, (new computers, customized software, cutting edge electronics, etc.) for results. In fact, the root of excellence in all world-class organizations has been to fix the everyday, hands-on processes first. The majority of problems in business (as in every aspect of daily life) are caused by poor direction, lack of leadership, small human errors, poor communication and misguided good intentions allowed to run amuck. The appropriate remedy for most of these problems lies more in making small corrections in the existing processes than with BNI.

Fixing current, hands-on processes is often referred to as the “low-tech” approach, while, by definition, buying new equipment to address a problem is considered “high-tech.” This distinction can be misleading. Office Kaizen and all Lean manufacturing approaches embrace technology and BNI. A visit to any world-class, Lean operation will reveal the very latest in appropriate technology. The key word here is “appropriate.” Lean employs technology where it does the most cost-effective job. This cannot occur until the existing processes have been optimized.

3. Addressing issues at the incorrect process level – Implementing BNI or new technology seldom creates a competitive advantage. If everybody possesses the same BNI, it merely increases the height of the “level playing field” upon which all competitors struggle. The office processes of major competitors all over the world compete on a very flat field. Office Kaizen provides a means of elevating your portion of the playing field so that your office processes function at a higher level of productivity than technologically equal competitors. In order to explore why this is true, we must first discuss the optimum leverage points for improving competitive advantage at various organizational and process levels. Figure 1 introduces the concept of *micro*, *macro* and *mega*-processes.

Figure 1 – Process Levels, Issues and Competitive Leverage Points

PROCESS TYPE	INVOLVES	EXAMPLE	OPTIMUM LEVERAGE POINT
Mega	Strategy, Executives, Markets, Strategic Relationships, Long-term Planning	<ul style="list-style-type: none"> • Should we issue a credit card? • Should we be doing any manufacturing and/or where? 	RATIONALIZING: Is this a business we should be in?
Macro	Tactics, Managers, Cross-functional Integration, Products, Functions, Medium-term Planning	<ul style="list-style-type: none"> • How/where do we provide customer service? • How/where do we do machining? 	MAKE-BUY: Who does it best, us or a supplier (and which one)?
Micro	Doing the Day-to-day “Work,” Supervisors/Workers, Processes, Office Groups, Daily to Weekly Planning	<ul style="list-style-type: none"> • How do we reduce customer service cycle time? • How do we reduce our machining costs? 	PROCESS IMPROVEMENT: How can we do it better than any of our competitors?

Mega-processes operate at the senior executive level and encompass strategic planning, executive leadership and market focus. Competitive advantage at this level is dependent, to a large degree, on business rationalization; that is, deciding what businesses to be in. For a financial institution, a critical mega-process decision is whether or not to issue its own credit card. A manufacturer might face the analogous question of whether or not to continue manufacturing a certain product (as opposed to designing it and then outsourcing the actual manufacturing process). An incorrect decision can be a deathblow in a highly competitive industry.

Operational executives and senior managers operate at the *macro-process* level, where competitive advantage can be obtained through effective make-buy decisions, and functional interface and value stream improvement. For example, if a credit card is issued, bills must be generated and mailed—a process outsourced by most credit card issuers. Every business must decide to what extent it wishes to be vertically integrated. A wrong decision at this level increases cycle time and costs and can produce a competitive disadvantage.

The scale and duration of business success depends upon wise choices and execution at both the mega and macro-process levels. This is why executives and senior managers are well compensated. Yet, no matter how wise the executive decision-making and management execution may be, they are not enough for long-term success anymore. In any competitive market, it is very difficult for a market leader to develop a continuous stream of shocking, new paradigms and innovations that provide a long-lasting competitive advantage at the mega and macro-process levels. These days, everyone follows the innovative leader very rapidly and usually quite well.

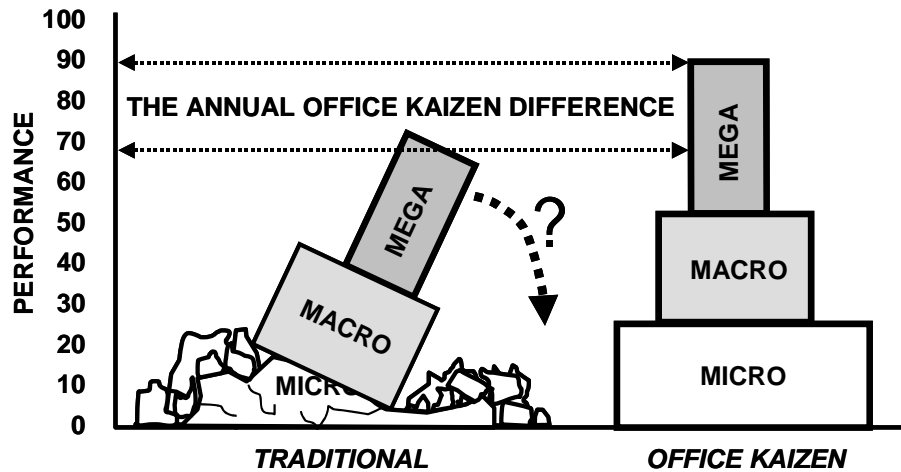
Office Kaizen offers an exciting, new competitive advantage to be gained within the *micro-process* level. Market leaders in every office, engineering, and service industry have, through conscious planning or serendipity, implemented at least some of the basics of Office Kaizen. They have significantly improved the performance of the hands-on workers and processes that produce their products and services. As long as these leaders do as well as the general industry at the mega and macro-process levels, their outstanding performance at the micro-process level of their organizations provides a long-lasting (and very difficult to copy) advantage, raising themselves above an otherwise level playing field. You can buy technology and hire innovative leaders and managers, but micro-process improvements are realized the old fashioned way—building them brick by brick at the work group level. Office Kaizen provides both the architectural drawings and step-by-step construction plans.

One cannot create micro-process excellence with BNI or technology alone. In fact, micro-process problems are usually aggravated when additional technology is added by macro-level rescue efforts. A common example is providing a poorly performing project team with expensive and complex project management software. The result is almost always further schedule erosion as people spend even more time at computers instead of dealing with each other face-to-face and resolving key issues.

Figure 2 demonstrates the key role of micro-process excellence in organizational success. All too often, critical BNI are brought to their knees by shoddy micro-process execution. How many implementations of Enterprise Information Systems (EIS), the very symbol of modern business

management technology, have been late and over budget due to hundreds of small micro-process disconnects? The mega and macro-process decisions were sound, but the execution of the day-to-day work at every level was compromised, often in ways that were beneath the radar screen of management. These shortfalls occur because there is no concerted effort to put in place a systematic approach for optimizing performance at the micro-process level. There is no Office Kaizen process improvement system in operation.

Figure 2 – The Key Role of Micro-processes in the Success of All Processes



Office Kaizen, like Lean manufacturing / kaizen efforts, focuses primarily on the improvement of micro-processes through the efforts of hands-on workers using what they already have—an extensive understanding of the processes they perform every day. In an Office Kaizen environment this translates to:

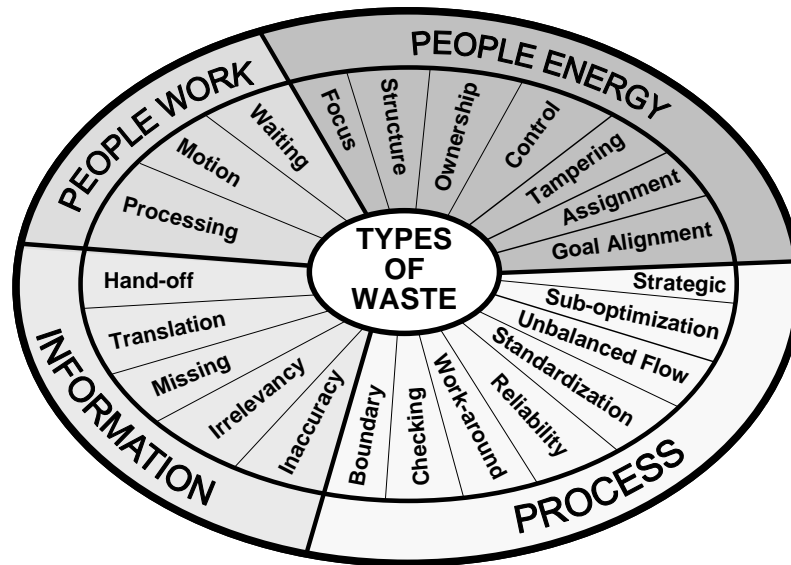
- Optimization of existing processes with existing resources before new technology is added.
- Extensive metrics and measurements kept by intact work groups.
- Optimization of manual systems before automation is employed.
- Extensive team involvement of intact work groups in setting micro-process goals and implementing action plans.
- A foundation of excellence built around hundreds of small improvements.

How Does Office Kaizen Work?

Office Kaizen focuses on minimizing waste or “muda.” *Muda* is the Japanese jargon term for “waste” and, like kaizen, was born within the Toyota Production System (TPS). Kaizen is most often associated with the elimination of waste in manufacturing areas. The fundamental objective of Office Kaizen is to eliminate waste from day-to-day work in non-manufacturing areas. Waste is any work that does not add value to a product or service. If the customer does not benefit from it, it is muda. Every inspection, delay, missed phone call, incorrect data entry, unnecessary form, duplicate report, internal status briefing, poorly run meeting, missed bit of key information, and improperly handled customer request is muda. They all cost money,

produce nothing of value for the customer and add up to a competitive disadvantage. Figure 3 displays the office wastes that Office Kaizen attacks.

Figure 3 – Office Wastes



PEOPLE ENERGY WASTE – *People energy wastes* arise from a failure to harness the potential that resides in all work groups. These wastes must be addressed during any successful implementation. They create most of the significant problems that organizations encounter when they attempt to do something different. These critical wastes can be divided into seven categories:

- Focus waste is the loss of value that arises when management and employees at all levels are not consistently aligned and energized to address critical issues. Most organizations are not unaware of the presence of this form of waste. Many have not only targeted the problem, they have several efforts underway to attempt to resolve it. Yet, organizations in all market segments have problems that were not resolved permanently in the past because resources were not focused or aligned for results. A lot of good work energy is expended, but much is negated by other good intentioned but poorly focused efforts.
- Structure waste is the loss of value that arises when there is not a formal structure in place to give form to the focus on improvement. Good intentions and precisely honed skills cannot operate if responsibilities, resources and personnel are not formally assigned and led in a structured manner by a formally dedicated steering committee, work stream leaders and teams, with explicitly assigned resources, schedules, charters, and champions. This structure must be in place for all changes that an organization initiates, not just Office Kaizen implementations.
- Ownership waste is at once the most critical waste to avoid and the most subtle to observe. People are territorial and proud. If they are associated with something, it is absolutely essential for them to believe that it is admired and respected by others. They will work very hard to win the admiration and respect of others for anything that reflects on their skills and capabilities. This tendency is wired genetically into all

human beings. If people are not permitted to exercise some degree of control and power over their work place, they will not be inclined to identify with it nor will they strive to make it excel. Ownership waste is the loss of value that occurs when employees are not inclined / permitted / allowed to see their work areas as direct extensions of themselves. This is the underlying basis for the outstanding performance of all self-directed (autonomous, self-managed, etc.) work groups.

- Control waste is energy required for ineffective or non-productive supervision or monitoring.
- Tampering waste is effort used to arbitrarily change a process without understanding consequences, and the effort required to adjust to or correct the consequences.
- Assignment waste is the effort required to work on an unnecessary or inappropriate task.
- Goal alignment waste is the energy expended by people working at cross-purposes they do not understand, and the effort required to correct the process output.

PEOPLE WORK WASTE – *People work wastes* arise from human actions involving processes at the hands-on task level. These wastes are most analogous to those encountered in industrial engineering concepts. They can be divided into three categories:

- Processing waste is the result of inefficient work. Typical causes are inadequately trained workers, hard-to-use / locate forms, and / or missing or bad information. Employees are hard at work, but there is a better way to do the job.
- Motion waste is movement that does not add value, such as walking and reaching.
- Waiting waste is people waiting for information, a meeting, a signature, a returned phone call, a copier or computer that is broken and so on. People can add no value to the product or service while they are waiting.

PROCESS WASTE – *Process wastes* arise due to the structure, operation and interaction of processes and process elements in a complex organization. They can be divided into eight categories:

- Strategic waste is value lost (effort wasted) as a result of processes that do not provide an appropriate balance of value to customers and shareholders.
- Sub-optimization waste is effort wasted by processes that compete with one another.
- Unbalanced flow waste is the invested resources put into material or information that piles up between workstations (called WIP or work-in-process in manufacturing environments).
- Standardization waste is effort required to correct for the consequences of processes that do not consistently produce the same output.
- Reliability waste is effort required to correct for unpredictable process outcomes due to initially unknown causes.
- Work-around waste is effort invested to create and maintain informal processes that are designed to replace “official” processes.
- Checking waste is any effort used for inspection (and rework).

- Boundary waste is effort required to correct for errors created when material and / or information are passed between different areas (additional or new forms, re-keying data, etc.).

INFORMATION WASTE – *Information waste* is generated by inefficient data flow between process steps and / or owners. They can be divided into five categories:

- Hand-off waste is effort required to pass data between different owners (additional or new forms, re-keying data, etc.).
- Translation waste is effort required to change data, formats and reports between process steps or owners.
- Missing information waste is effort (or bad results) driven by the absence of key information.
- Irrelevant information waste is effort (or bad results) caused by having to deal with unnecessary information.
- Inaccurate information waste is the effort (or bad results) caused by having to deal with bad information.

Each of these wastes contributes to lost productivity to some extent in every environment. None require the application of BNI or new technology for improvement. For example, the recent loss of the Mars Climate Orbiter (MCO) was due to a *translation waste*. The spacecraft operating data needed for navigation were provided to the navigation team in English units rather than the specified metric units. With no system in place to check for and eliminate this type of translation error, the relatively small problem became disastrous. While most translation wastes do not result in a one-time loss of more than one hundred million dollars, every organization bleeds a little bit from each one every day. While they cannot all be eliminated, the objective of Office Kaizen is to minimize each of these wastes to the extent that is necessary and reasonable for the organization to be successful in the eyes of its customers and shareholders.

What Are the Basic Methods of Office Kaizen?

Figure 4 presents the Master Jargon Chart of Office Kaizen that summarizes the various Office Kaizen wastes, tools and methods into a single conceptual framework. Figure 4 *is* Office Kaizen. That is, in order to “do” Office Kaizen, the waste reduction approaches and corresponding tools and methods shown in Figure 4 must be comprehensively applied in an integrated manner.

All of the tools and approaches in Figure 4 need not be implemented simultaneously. In fact, it would be a mistake to do so. The criticality of each tool varies in different environments. A “one-size-fits-all” Office Kaizen implementation approach does not exist. While successful, world-class organizations use many of the tools in Figure 4 to some extent, various tools are more comprehensively applied in certain environments than in others.

The left two columns of Figure 4 present the wastes described above. The structure of Figure 4 might suggest that each waste category is targeted by a specific approach and / or method. While this is true to some extent, all of the methods are extensively

interdependent and interactive. You cannot “cherry pick” tools and techniques and expect long-term Office Kaizen success. In particular, if you do not employ the methods required to address people energy wastes, the other methods will fail to achieve competitively meaningful results.

Figure 4 – Master Jargon Chart of Office Kaizen

CATEGORY OF WASTE	TYPE OF WASTE	WASTE REDUCTION APPROACHES	METHODS AND TOOLS	DESIRED OUTCOME
PEOPLE ENERGY	Focus	SLIM-IT [®] <ul style="list-style-type: none"> Executive Steering Committee 20 Keys[®] Work Stream Teams <ul style="list-style-type: none"> Charters, Schedules, Deliverables, Etc. Short-interval Coaching Extensive Metrics 	DILO Analysis Responsibility Charting Standard Work Combination Sheet Cause & Effects Diagram Work Balancing Sheet Key Goals Visual Focus Chart Workplace Organization and “5S” Kaizen and Error Proofing Action Sheet Kaizen Target Sheet Standard Work Sheet “Brown Paper” Analysis (“As Is” & “To Be”) Skill Versatility Analysis and Matrices Flow Charting Waste Checklist Signature/Approval Validation Work Stream Teams Office Kaizen Blitzes Work Instructions Rapid Resolution Work Stream Teams Skills Training Process Task Teams Process Benchmarking Core Competency Assessment Brainstorming (e.g., Affinity Diagramming) Cross Training Error Proofing Data Integrity Checklist Red-Yellow-Green Analysis Exposition Type Displays and Feedback	A Highly Productive, Informed and Enthusiastic Workforce Focused on Key Processes that Are Fast, Results-driven, Accurate, Repeatable, Value-added, Aligned with Organization Goals, Scrubbed of Waste and Supported and Driven by Accurate, Timely Metrics
	Structure			
Ownership	Processing	Defined Work		
Control	Motion	Kaizen		
Tampering	Waiting	Workplace Organization	“Brown Paper” Analysis (“As Is” & “To Be”) Skill Versatility Analysis and Matrices Flow Charting Waste Checklist Signature/Approval Validation Work Stream Teams Office Kaizen Blitzes Work Instructions Rapid Resolution Work Stream Teams Skills Training Process Task Teams Process Benchmarking Core Competency Assessment Brainstorming (e.g., Affinity Diagramming) Cross Training Error Proofing Data Integrity Checklist Red-Yellow-Green Analysis Exposition Type Displays and Feedback	
Assignment				
Goal Alignment				
PROCESS	Strategic	Process Alignment Analysis	Waste Checklist Signature/Approval Validation Work Stream Teams Office Kaizen Blitzes Work Instructions Rapid Resolution Work Stream Teams Skills Training Process Task Teams Process Benchmarking Core Competency Assessment Brainstorming (e.g., Affinity Diagramming) Cross Training Error Proofing Data Integrity Checklist Red-Yellow-Green Analysis Exposition Type Displays and Feedback	A Highly Productive, Informed and Enthusiastic Workforce Focused on Key Processes that Are Fast, Results-driven, Accurate, Repeatable, Value-added, Aligned with Organization Goals, Scrubbed of Waste and Supported and Driven by Accurate, Timely Metrics
	Sub-optimization	Boundary Analysis		
	Unbalanced Flow	Pull Philosophy		
	Standardization	Process Valuation		
	Reliability	Process Reengineering		
Work-around	Work Balancing			
Checking	Process Structure Analysis			
Boundary	Value Added Analysis			
INFORMATION	Hand-off	Information Requirements Determination	Waste Checklist Signature/Approval Validation Work Stream Teams Office Kaizen Blitzes Work Instructions Rapid Resolution Work Stream Teams Skills Training Process Task Teams Process Benchmarking Core Competency Assessment Brainstorming (e.g., Affinity Diagramming) Cross Training Error Proofing Data Integrity Checklist Red-Yellow-Green Analysis Exposition Type Displays and Feedback	A Highly Productive, Informed and Enthusiastic Workforce Focused on Key Processes that Are Fast, Results-driven, Accurate, Repeatable, Value-added, Aligned with Organization Goals, Scrubbed of Waste and Supported and Driven by Accurate, Timely Metrics
	Translation	Information Accuracy and Relevancy Determination		
	Missing	Information Flow and Availability Studies		
	Irrelevancy			
	Inaccuracy			

How Does Office Kaizen Work on a Day-to-Day Basis?

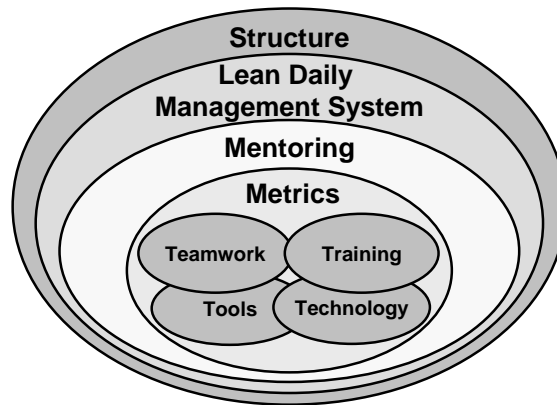
Kaufman’s SLIM-IT[®] model, shown in column three of Figure 4, is a pronunciation of the acronym for **Structure, Lean** (Daily Management System), **Mentoring, Metrics, Teamwork, Tools, Training** and **Technology** (SLMMTTTT). **SLIM-IT is Kaufman’s primary engine of any Office Kaizen (or other) implementation, because it aggressively attacks the people energy wastes that derail so many initiatives.** Most organizations have ample technology, tools, training and teamwork “potential” to solve problems and achieve goals. The difficulty lies in compelling the right combination of the “T’s” to come together at the right time. This is what SLIM-IT does. Figure 5 presents the SLIM-IT conceptual model.

Without *structure*, an Office Kaizen process improvement system cannot succeed. When hard work is involved (and all organizational changes are very, very hard work), good intentions last about as long as a teenager’s enthusiasm for digging ditches in August. The structure that enables Office Kaizen must lead the implementation of Office Kaizen and all other implementation initiatives. Thus, the implementation of Office Kaizen must not be viewed as a time-limited initiative but as a first step in the establishment of a permanent, new work culture. This type of cultural shift requires structured leadership consisting of the following components:

1. Executive Steering Committee (ESC) – The ESC typically consists of the site’s senior management team or a subset of it (five to seven people are best). The ESC directs and

leads all implementation efforts, from moving the office, to installing new computers, to introducing a new product or service. The ESC is not concerned with the day-to-day work of the organization. ESC duties require four hours per week (in the first month) to two hours per week (after the first month) from each ESC member. The ESC is briefed once a week by each Work Stream Team (see below) for about five minutes. ESC members also select and prioritize implementation initiatives, select team leaders and members (with the team leader), coach and guide the teams, and resolve issues off-line from the ESC meeting.

Figure 5 – The SLIM-IT® Model



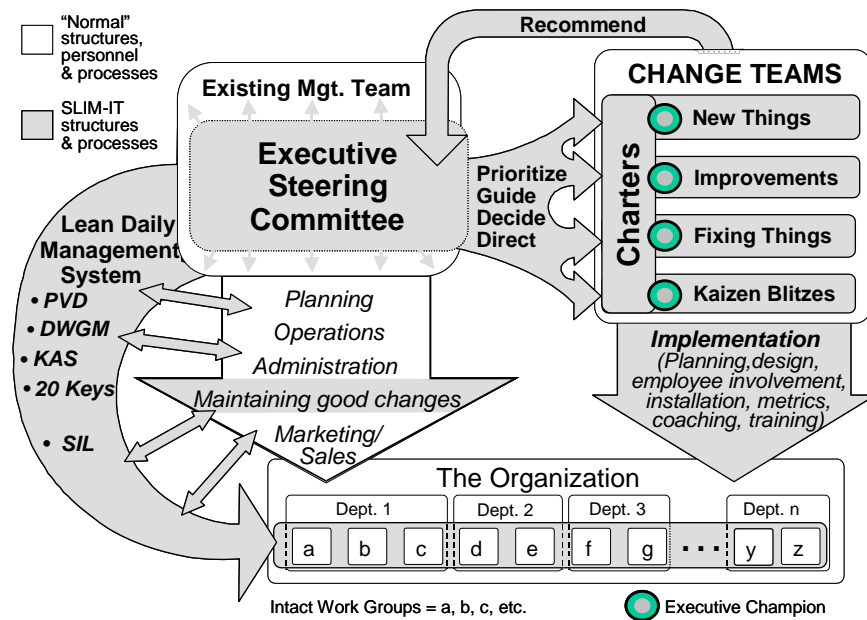
2. Work Stream Team (WST) – WSTs are groups of employees who do the actual hands-on implementation work. Each WST performs the specific objectives, activities, schedule, and deliverables of a charter that is jointly developed by the ESC and the WST. At the start of an Office Kaizen implementation, several of the WSTs are assigned to plan and implement various portions of the Lean Daily Management System. For example, one WST might be assigned to design and install primary visual displays while another would help the various work areas implement work group meetings. A couple of months later, another WST would be assigned to help work groups implement a 20 Keys® assessment and improvement plan. Participation on WSTs ranges from two hours per week to as many as 20 hours, depending upon the urgency of the issue. Upon completion of the initiative, the assigned WST disbands and its members are reassigned to new initiatives.

A WST is assigned whenever a significant change in systems, products or processes is being implemented. This ensures every change is formally implemented with specific objectives and performance requirements. Even more critically, this structure ensures that management (in the form of the ESC) has its arms around all implementation initiatives and is carefully regulating resources and priorities. Nothing important operates under the radar screen of management and no initiatives collapse without warning.

3. Experts – These individuals provide process coaching, an executive sounding board, content expertise and overall initiative management for the organization.
4. Charters – The ESC along with each Work Stream Team develops a charter, which includes objectives, critical success factors, activities, deliverables, responsibility matrices, schedules and so on.

Figure 6 provides a diagram of how Kaufman organizes a typical Office Kaizen implementation. Note that the implementation emphasis in Figure 6 is focused ownership by the organization's personnel. The ESC runs things, the Work Stream Teams coordinate, teach, coach, do, help, aid and so on for each element of the implementation. The work streams shown in Figure 6 are those that would be typical of an organization launching an aggressive Office Kaizen initiative. All of the work streams would not start at once but would be cycled in over a period of three to six months. As the first few teams completed their assignments, they would disband and others would begin. The sequencing and schedule is, of course, directed by the ESC.

Figure 6 – The Structure Element of the SLIM-IT Model



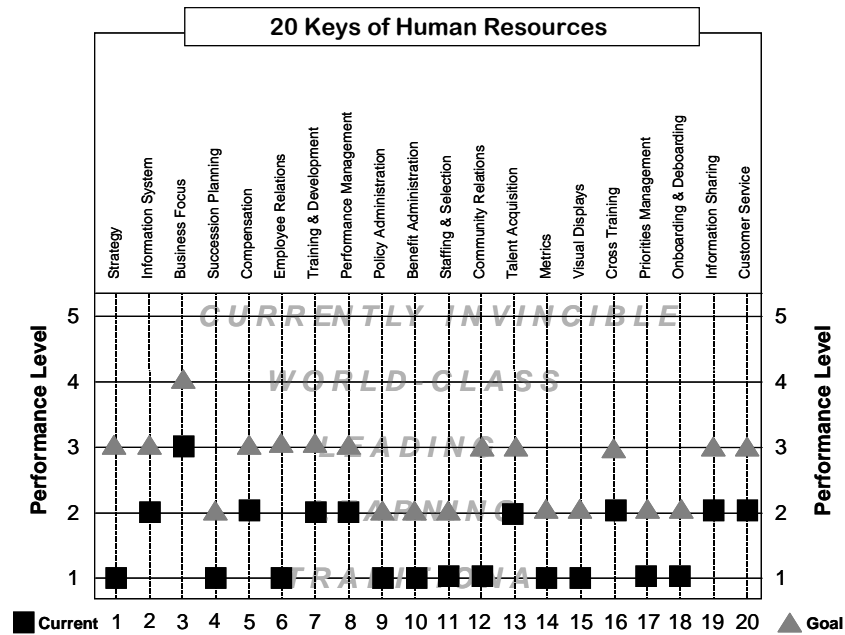
Kaufman's *Lean Daily Management System (LDMS)*® is the skeleton upon which an Office Kaizen initiative is built (assuming that the brain and nervous system are the Figure 6 elements). It is vitally important to understand the central position that only the LDMS can hold in making Office Kaizen work. The LDMS implements and sustains structured, mandated, planned, focused and coached efforts to improve the performance of day-to-day micro-process activities. It extends the element of *structure* to all work groups every day. Every organization that is succeeding with Lean / kaizen is "doing" the LDMS to some extent.

The building block of Office Kaizen is the intact work group. Each of these groups of ten or fewer people is the office equivalent of a manufacturing work cell team. Each team operates its own portion of the LDMS, the primary, micro-process improvement engine of Office Kaizen. It nurtures improvement and sustains realized gains. The LDMS consists of the following elements:

1. Primary Visual Display (PVD) – The PVD is a large display board that presents the current status of the work group on all key metrics, goals, objectives and action plans.

2. Work Group Meeting – This is a highly scripted, structured, daily, stand-up meeting of the intact work group held in front of the PVD and lasting no more than ten minutes.
3. 20 Keys[®] Action Plan – The 20 Keys approach focuses each work group on a long-term improvement plan. Every set of 20 Keys (customized for different functional areas or processes) includes a chart for mapping goal attainment and a corresponding set of point or level descriptors for individual keys. Each work group, from Engineering to Customer Service, has its own 20 Keys action plan for improvement. Figure 7 displays a 20 Keys chart for a Human Resources work group that has a current score (denoted with squares) of 30 out of 100. The triangles represent the group’s improvement goals for individual keys. The improvement plan contains the specific actions (achievable by the group’s members) required to reach the next level on its road toward becoming “world-class” or “invincible.” The chart and the accompanying improvement plan are posted on the group’s PVD.

Figure 7 – A 20 Keys[®] Self-Assessment by a Human Resources Group



4. Kaizen Action Sheet Improvement System – This technique allows the work group to capture small improvement ideas. These are often “too small” to be considered by the formal suggestion system but are the basis for much of the success of Office Kaizen process improvement system.
5. Lean Daily Management System (LDMS[®]) – This important element integrates detailed micro-process metrics tracking and short-interval coaching to focus individuals and work groups on the critical few results drivers for a given process. Metrics are selected by management, supervisors / leads, and / or workers, and are modified each month. They are reviewed at the start of each work day by the team as part of its daily, work group meeting.

Short-interval coaching is a technique where critical metrics are collected on a regular basis by workers (on check-off sheets or the like) and reported to the supervisor or lead several times per day as he / she “makes the rounds.” This is a critical element in correcting the myriad of small issues that sabotage competitiveness almost invisibly.

These five elements, if implemented and maintained, provide a rock-solid foundation for any world-class, Lean program. They provide the mechanism for the members of each work group to take ownership of their work processes. The LDMS establishes the involvement and commitment that are the soul of world-class achievement in every human group endeavor. All other Lean tools and techniques will realize only a fraction of their potential if any of these elements are not implemented and rigorously practiced.

Mentoring is the next element of SLIM-IT. This is the day-to-day coaching of managers and supervisors in real time, on-the-job, as the tools and techniques of Lean are implemented. Highly experienced Office Kaizen experts who understand the why, what and how of applied Lean must do the coaching. Mentoring is the mechanism that ensures management behaviors at all levels will be changed sufficiently and over a long-enough period to infuse them into the organization’s culture. Without the mentoring element of SLIM-IT, everything else simply distills down to another tired, old, traditional improvement plan—a lot of smoke, mirrors and glowing progress reports but no behavior changes on anyone’s part.

Metrics get a lot of attention in traditional organizations but they are often too little, too late and are typically collected at the wrong level for the wrong purposes. A key element of the SLIM-IT model is not only to focus on the appropriate micro-process metrics within each work group but also to pull the entire organization together around a central core of universal metrics. This is where implementation of the 20 Keys[®] methodology, applied site-wide, becomes critical to focused, long-term Office Kaizen success.

Tools, teamwork, training and *technology* approaches are used by every organization in attempts to improve. Many of these approaches work if properly implemented. The key to their success is combining their usage within the other elements of SLIM-IT. Without a foundation of structure and coaching, tools, teamwork, training and technology will fail to deliver what they promise.

Conclusion

Today’s competitive market demands systematic, repeatable methods for achieving long-term, sustainable results and world-class performance. Lean / kaizen techniques have proven their ability to create tremendous savings in manufacturing areas, but office functions are left to their own devices, which include the latest “three-ring binder” approach or expensive new technology. Office Kaizen is the adaptation and evolution of Lean tools and techniques from traditional manufacturing environments to office functions. It targets the micro-process level wastes that invisibly erode initiatives and the savings they intend to produce with techniques such as the SLIM-IT[®] model. Implementation of Office Kaizen ensures that traditional, “here-today, gone-tomorrow” programs are replaced by the structure, leadership, coaching and ownership that encourage and sustain ongoing improvements. Office Kaizen creates a competitive advantage because it raises the office and administration portion of the playing field above the level at which others operate.

*Copyright © 2003 Kaufman Global, LLC
All rights reserved.*

This Kaufman Global White Paper is protected by copyright law. Reproduction, transmission or incorporation of this Paper into another work, in whole or in part, by any means (including electronic, photocopying or otherwise) without the prior written consent of Kaufman Global, LLC is expressly prohibited.

The following are trademarks of Kaufman Global, LLC and may not be used without prior written consent: Lean Leadership®, SLIM-IT®, 20 Keys®, WIn-Lean®, LDMS® and Kaufman Global®. Other marks that may appear in this white paper are the property of their respective owner.