



## Lean Office

### Going Lean? Don't Overlook the Office

It's easy to identify the need for Lean methods on the shop floor – excess inventory, piles of WIP everywhere and parts shortages. But what does the need for Lean look like in the front office?

Paperwork sitting idle, forms with inaccurate or incomplete information and people focused on workarounds to cumbersome processes all characterize a front office that can benefit from Lean Office techniques.

One of the most common problems is that “front office processes take too long,” said Wil Cox, WMEP senior manufacturing specialist. “They are not as responsive as they could be and should be, for both internal and external customers.”

#### Paperwork is a big part of lead time

In fact, for some manufacturers, the percentage of lead time taken up by front office tasks like engineering, purchasing and quoting can be 80% or more, said Cox. “A lot of companies may not realize the percentage of lead time consumed by the front office. Because they don't know what that figure is, they don't focus on it.”

To understand how Lean can be applied to administrative functions, it helps to think of information as the product of the front office. If information is tied up in someone's in basket or otherwise idle, “it exposes why the lead time is so long,” said Cox.

Another common problem in the front office is the lack of an understanding of the total process and how all jobs are interconnected. Employees focus on their own job responsibilities and departments work to meet departmental measures, but “no one has stepped back and asked, ‘How does this whole process satisfy the customer?’” said Cox.

#### Effective Lean Tools:

There are many Lean Tools, including

- ▶ 5S
- ▶ Visual Controls
- ▶ Batch Reduction/Elimination
- ▶ Standardized Work
- ▶ Leveling
- ▶ Pull/Kanban
- ▶ Office Layout; Work Cells/Teams

The first step in a Lean Office project is an Office Value Stream Map, which “looks at the flow of information from the time a process is triggered until the total task is completed,” said Cox. When a process needs 30 minutes of work but takes a week to get through the system, which is often the case, “it gives you that ‘aha moment,’” said Cox. Then the task becomes determining how to shrink the lead time.

#### Some effective Lean Office tools include:

##### 5S

A general clean-up of office areas can remove clutter and increase efficiency. It may also involve changes to the office layout. The goal is to create specific places for forms, documents and equipment so that they can be found within 30 seconds.



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## Visual Controls

Visual Controls include color coding, status boards and other communications tools. “It’s whatever visual would help you understand better where things go the first time,” said Cox.

## Batch Reduction/Elimination

Moving smaller quantities of work through the system will increase throughput, shorten lead times and improve quality. “Everything is more immediate. With more timely information, you can react quickly if something is wrong. Plus, downstream processes won’t get buried,” said Cox. Tailored Label Products Inc., a Menomonee Falls manufacturer of custom labels and die-cut adhesives, discovered a bottleneck at their planner’s desk, who received work from four or five customer service reps who were batching work. Eliminating batching evened out the work load.

## Standardized Work

The opportunities to standardize work are usually numerous. Forms and checklists can be revised so that they collect all needed information before being passed along. Tailored Label updated the form that relays order information to the plant so that the information is organized by task, making it easy for workers to find what they need in one place. Standardizing processes may also be necessary, since different people doing the same job usually come up with their own method. The risk is difference in outcomes. Staff members who develop a standard procedure will often reach a consensus that reflects the best practices of everyone, making the process even better.

## Leveling

The amount of work in an office isn’t constant. Lean Office provides proactive measures to respond to busy periods. For example, if a backlog of work reaches a certain point, a floater could be brought in to help. Leveling can also be used to balance high- and low-priority tasks. Activities that bottleneck the value stream could be done at designated times to ensure all tasks get their attention.

## Pull/Kanban

Using Pull, downstream tasks pull from upstream tasks to even out capacity and demand. For example, in a customer service call center, there might be a point where the number of calls on hold signals more people to take calls. When the number of calls falls below that point, those people return to other tasks. “You’re pulling labor toward the demand in some predefined, planned way,” said Cox. Kanban is a visual signal to indicate when something is needed, such as cards placed in literature racks to indicate when more copies are needed.

## Office Layout/Work Cells/Teams

Sometimes the office layout needs to be rethought, not just in terms of printer and copier locations, but in terms of the organizational structure. Most front offices are organized by function, with purchasing, customer service and engineering departments. That’s not optimal when you have a value stream focus. Cross-functional teams organized in work cells can greatly increase efficiency, since the team understands the overall process and is not focused on a single task.

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RB Royal Industries in Fond du Lac, a custom manufacturer of hose and tube assemblies, implemented office cells to process orders and quotes and get new products online. A customer challenged them to turn around a new product in a very short time. The office cell team agreed, and did so in six days! The work included qualifying a new subcontractor for an unfamiliar process. “The customer, the team and management were all amazed,” Cox said. “It’s a feeling you couldn’t reproduce by staying in your functional area.” Since implementing work cells, the time to process requests for quotes has gone from 7.5 days to 3.2 days, a 57% reduction.

The main benefit of a Lean Office is that you can turn things around much quicker, sometimes dramatically so. This can give a competitive advantage when it comes to quotes, since the company that returns the quote the fastest often gets the work. Another benefit is improved first-pass yields on paperwork, because the work is getting done right the first time. For some businesses, first-pass yield might be as low as 5%, leaving vast room for improvement. Lean Office can also lead to cost savings from the reduction in paperwork and overall improved efficiency.

The keys to successful Lean Office implementation include the involvement of all front office employees in shaping the changes and strong leadership that clearly defines the new direction. Particularly when a serious reorganization is contemplated, it takes leadership to help deal with the anxiety of employees, especially mid-level managers, when the standard departmental structure is broken down. By setting the course and involving all employees, your business can reap the many benefits of a Lean Office.

## About WMEP

WMEP is a private, nonprofit consulting organization committed to the growth and success of Wisconsin manufacturers. A leader in Next Generation Manufacturing, WMEP brings best practices to Wisconsin firms to help them achieve world-class performance through innovation and transformation. WMEP receives financial support from the Wisconsin Department of Commerce, and partners with many public and private organizations to serve Wisconsin manufacturers.

**To learn more about how Lean training can help your business, call WMEP at 1.877.856.8588, or go to [www.wmep.org](http://www.wmep.org)**

