



Lean Methods, Lean Planning

Increase sales, reduce waste by applying Lean principles to business planning

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Can Lean techniques, mastered on the factory floor, drive costs from the front office?

How much money is your company losing due to wasted effort and low productivity of knowledge workers employed in your business processes? How many opportunities are lost? How many customers are irritated? Teaching your knowledge workers effective planning techniques based on Lean principles can solve these problems.

Imagine running a production line without knowing each day what to make and in what quantities. Crazy, right? The lack of that critical information guarantees uneven production, overburdened workers, and waste – a disaster in the world of Lean. Yet this is precisely the situation for most knowledge workers, even those in Lean organizations.

Whereas Lean line workers and managers have learned how to plan their workflow to keep the manufacturing process running smoothly and efficiently, knowledge workers generally don't plan effectively, if at all.

The only way to manage the multiple value streams that flow through them is to plan their work like a Lean production line.

Lean Principles Apply To The Front Office Too

Whether workers are building spacecraft assemblies or budget spreadsheets, they must know their production schedule in order to level the flow of work. *Heijunka* is central to Lean philosophy because it plays a critical role in avoiding the 3 M's – *mura*, *muri*, and *muda* – that are anathema to Lean. Leveling production, of course, requires Lean workers to plan their output properly, which means knowing what they're going to build, what materials they'll need, and when they'll need them. Lean plant managers understand this fact well.

Surprisingly, few knowledge workers seem to understand this. Although they work with ideas and information instead of physical materials, the rules are identical. Poor planning (or no planning) among the majority of knowledge workers results in the same terrible *mura*, *muri*, and *muda* that manufacturing workers face.

No Plan? Lost Sales and Worthless Inventory

With knowledge workers, however, the 3M's take a different form. For example, the Director of sales at a small footwear manufacturer in Southern California didn't plan her work and allocate time to provide input on an IT upgrade; as a result, the project was delayed one week, which led to lost revenue at a key trade show. Similarly, at a NJ-based manufacturer of semi-custom homes, the VP of construction didn't accurately assess the time needed to write new specs for bricks or schedule that time in his calendar. When the brick supplier delivered the old bricks, the company lost money on the unneeded bricks, and had to delay production until the new bricks were delivered.

To be fair, multiple value streams flow through knowledge workers, making it difficult for them to move value forward smoothly. In addition to their primary jobs, they sit on committees, get roped into meetings, manage special projects, and must always be available to handle the inevitable crisis. Moreover, the accelerating speed and volume of information that they must process constantly increases the turbulence of the value stream. But with an increasing amount of work to do and a finite amount of time in which to do it, planning of their workload is not a luxury; it's a necessity. Planning is the only tool that enables them to effectively "level their production" and avoid *mura*, *muri*, and *muda*.

So how do knowledge workers implement *heijunka* for their jobs? Just as production managers work backwards from the target delivery date to plan shipping schedules, production runs, material preparation, and material ordering, knowledge workers in a business process must work backwards from the target completion date and schedule time for editing and revising, drafting proposals, presentations, meetings and research. Most importantly, just as production managers need to accommodate capacity constraints in the manufacturing process, knowledge workers need to accommodate constraints in their work as well. In their case, of course, the critical constraint is time.

Breaking Projects Down

A “project implementation plan” is the tool that gives knowledge workers the ability to manage their complex work. A well-written project implementation plan breaks complicated and/or long-term projects into simple, sequenced, discrete steps with clearly assigned responsibilities and interim due dates. Workers schedule time in their calendars to complete each task for which they are responsible (or to follow up with the person responsible for a given task).

Of course, since knowledge workers either manage or participate in multiple value streams simultaneously, every project, every meeting, and every action that consumes time must be rigorously entered into the calendar. Only by doing so can they see the total demand on their time, identify capacity constraints in advance, and by applying *heijunka*, adjust their commitments appropriately. The result is fewer crises, better allocation of resources, and lower stress for everyone.

Start Simple

According to the *Lean Manufacturing Report 06* by The Manufacturing Research Center, fewer than half of the responding companies have extended Lean principles into business processes, despite recognizing the value of doing so.

But incorporating Lean principles into business processes doesn't have to start with a major project like value stream mapping, a comprehensive change in accounting methods, or a wholesale restructuring of the company. Rather, Lean principles can be applied to the individual's work habits – and many of the same benefits can be realized.

Recently, the CFO of a custom printing company lost a major contract for his firm. His inability to allocate the time and the staff necessary to determine pricing resulted in a last-minute proposal. Had he been able to complete his work earlier, the sales team could have negotiated with the customer and made the deal work. But there was no time left, and the customer went to another supplier.

Can your company really afford knowledge workers who don't know how to plan?

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