

Is your business down? Maybe it's a WORM PIT

Advocates of the lean business model make a big deal about eliminating waste, but for most companies that is too narrow a focus.

It works fine for Toyota, but Toyota has a 50-year history of eliminating waste without eliminating jobs.

Most of us are well behind Toyota and so, to make lean work, we have to be careful how we sell the concept to our people.

We focus on value, but teach people how to see waste.

A nice little mnemonic device to help people identify where waste typically occurs in organizations is WORM PIT.

Each letter represents one real aspect of waste in business processes.

Waiting

When we're waiting for parts, waiting for approval, waiting for a signature, waiting for data, or waiting for anything, we're not working.

Noticing how frequently people wait for things is the first step toward gaining control over delays.

Having people waiting means we have excess capacity — capacity that we can use to sell more and satisfy more customers.

Overproduction

Any time we make a product that we don't have a sales order for, or produce a report that no one has asked for, or consume resources that might be better used elsewhere, we are overproducing.

Some popular literature says companies should exceed customers' expectations.



INSIGHT

David Veech

However, lean thinking reminds us that unless we can do that without incurring any additional burden, exceeding customer expectations is overproduction and wasteful.

Rework

We all make mistakes, but fixing those mistakes uses up resources. When we

Having people waiting means we have make errors in our products or services (including simple data entry errors), we waste resources.

We can't admonish the workers, though, because as humans, we all make mistakes.

Still, we must be willing to ferret out these mistakes, and our team members must be willing to tell us when they have made a mistake, without fearing that we'll lop their heads off.

Motion

Any excess movement to do a job prevents us from adding more value.

When we have to leave our desk or workstation to find information, parts or tools, or to retrieve copies or anything else, we're wasting time. This has a tre-

mendous impact on an organization.

Some companies have been able to cut miles and miles of walking daily. Translate that to time and then to hourly wages, and you can see the vast savings potential.

Processing

Any process is potentially wasteful. Don't just identify extra steps you may be taking, but look at the sequence of operations and where products (whether manufactured parts or records of transactions) end up being stored or where they pile up.

If we can prevent delays and accumulation, we may be able to eliminate other processes that were needed only to prepare things for additional processing.

Inventory

Inventory is considered an asset on the balance sheet, but lean considers any inventory in excess of what you need to satisfy immediate customers as waste.

Inventory ties up cash and space, requires us to safeguard it, count it and move it around.

More important, inventory makes it easy for us to avoid problems. Seeing and solving problems are a cornerstone

feature of lean. Inventory keeps that from happening.

Transportation

Any time we're moving something, we're not working on it.

Transportation of materials or information beyond the requirements for satisfying internal and external customers is wasted time. Minimize this, and you can save a bundle.

Fortunately, we have a way out of the WORM PIT, but many companies end up wasting this, too.

It's the *intellect* of our work force.

W. Edwards Deming, whose management theories revolutionized manufacturing in Japan, said our failure to capture the creative energy of our people is the greatest waste of all.

For the past 100 years we've had organizational systems in place that virtually requires our workers to switch their brains off at the door.

It's time to switch those brains back on before we lose all of our jobs to low-cost overseas companies.

David S. Veech is executive director of the Institute for Lean Systems in Louisville. He can be contacted at david.veech@theleanway.com.

Insight columns

are submitted by businesspeople who want to share information about their area of expertise. Insight appears occasionally in Business First. To submit a column, contact Carolyn Greer at cgreer@bizjournals.com.