



## What is lean thinking?

To go lean, it is necessary for the managements not to get stuck in the aggregated processes of product development, sales and production, instead look at the broad principles required to get a stuck-in-the-mud batch or mass production organisation to become lean. There are a variety of books on the subject. The question is 'how do we do it?' This is not asking about specific techniques such as poka-yoke, kaizen or quality function deployment (QFD), etc, but, about the key principles that *must* guide our actions. To know more, read on...

Sanjeev Baitmangalkar

**L**et us try answering this question the other way round - that is, what is not lean thinking. It is not about mechanically applying a bunch of tools to solve the problems. Neither is it an indiscriminate application of Japanese philosophy nor is it about zero inventories. It is not a basket of jargons collected to confuse the novice while stating the obvious.

It can be called a way of imparting uniform thinking across all levels

within an organisation and building the necessary skill sets to apply that thinking, to drive out the waste. This is done by designing the better & easy flow within the supply chain, finding better ways of working and improving connectivity between processes to avoid waiting. It is elimination of waste that reduces cost, improves productivity and helps deliver better value to the customer.

Lean thinking is successfully applied by a wide range of industries



such as automotive manufacturing, auto components, chemical processing, food processing, garments, retail business, healthcare and general engineering, etc. If you are manufacturing a product or providing a service, lean is both applicable and appropriate for you to consider.

### Understanding waste

The Japanese word is 'muda'. In English it simply means waste. Waste can be defined as any activity that absorbs resources but creates no value. Taiichi Ohno, considered to be the father of the Toyota Production System, identified seven types of wastes while developing the system. James P Womack and Daniel T Jones, co-authors of the book 'Toyota Way', have added an eighth waste, namely the design of goods and services, which do not meet the customer's needs.

Similarly, unused human potential can also be considered as a waste. How many such forms of waste that we may discover, it is hard to dispute at the end of an average day in an average organisation that 'muda' is everywhere. The best part is, as one learns to see 'muda', one will begin to discover that there is even more of it in the organisation.

In a typical process, waste or non-value adding activities can amount to more than 95 per cent of the value stream process. It is not surprising to find value-added ratios in second decimals in many manufacturing organisations. This must be understood as a huge opportunity or potential to reduce costs and improve productivity. Traditionally, organisations have concentrated on improving labour or machine productivity, which are five per cent or less value-adding activities, and ignoring the bigger opportunity in waste elimination.

Fortunately, there is a powerful antidote to 'muda' and that is lean thinking. For it provides a way to specify value, line-up value creating activities in the best sequence, conduct these activities without interruption whenever someone requests for them, and improve effective

### Five principles of lean thinking

**Specify value by each product:** Identify what the customer wants. Ask yourself 'Would I pay for something I did not want?' You would certainly not be happy paying for any of the wastes, so why should your customers be different?

**Identify the value stream:** What is your process starting from product design, through development, procurement, manufacturing, distribution and sales, for satisfying the needs of your customers? How does your supply chain function? What are its capabilities? Where are the wastes hidden?

**Make the product flow:** Does your process involve 'batch and queue'? Are there bottlenecks? Is there no clear line of sight through your process? If the answer is yes, the aim is to reduce or eliminate these and to move as close as possible to a single piece flow. It is so much better if the product can be made at the sale rate

**Supply at the pull of the customer:** Only make what the customer requires. When he wants it, deliver it where he wants it

**In pursuit of perfection:** Perfection is the complete elimination of waste. It is at this point that every activity creates value for the customer. This is a journey of continuous improvement based on intolerance for maintaining the status quo

performance continuously. It is the remorseless pursuit of elimination of wastes that has to be at the heart of 'lean thinking'.

### Lean behaviours

Effective change must be intended, initiated and planned; it does not happen by chance. There will be resistance to change, as all those involved will feel threatened unless they can see a compelling need for change. It is, therefore, important to create an environment to ensure that the need for change and the change itself is understood, so that it becomes sustainable.

To do this, we need to adopt the behaviours suitable to changing demands remembering Charles





Darwin's advice: 'It is not the strongest of the species that survives, or the most intelligent, it is the one that is most adaptable to change'. These changes in behaviour can be unsettling, especially for organisations that used to the 'command and control' styles of management. Most projects that do not bear full results are because of the consequence of underestimating the human element in the change process. It is important to understand the human motivation.

Recessions are precious because they shake conventional wisdom; even complacent lean wisdom, and motivate

managers to make hard choices. Today is no exception. We are at a point of the greatest opportunity in this boom-bust-boom cycle that plagues market economies. Unnecessary investments especially in the wrong places can be avoided as the economy begins to grow out of the slump and the dispiriting job losses are a story of the past.

But the window of opportunity remains only for a little while before tradition and false confidence set in and stay. Therefore, there is no excuse for failing to act in this golden moment for lean thinkers. **MMT**



Sanjeev Baitmangalkar is the CEO of Stratmann Consulting. He has expertise in lean manufacturing and has successfully transformed discrete companies to lean, BPR, turnarounds, supply chain management, industrial marketing, machine tools and product development. He imparts training in areas of finance and leadership while working with overseas and Indian clients. He is an invited speaker on the subject of strategy & management and an external faculty on strategic management at B-schools. He can be contacted on [scdesk@gmail.com](mailto:scdesk@gmail.com)

**Infomedia 18**  
 'A' Wing, Ruby House, J.K. Sawant Marg, Dadar (W), Mumbai - 400 028, India

**REACH OUT**

Infomedia 18 Ltd is the country's largest publisher of Business-to-Business (B2B) magazines with 26 offices spread across India. It offers niche publications dedicated to specialised subjects for the Indian as well as international markets.

Each magazine – a business platform of its respective industry – carries a variety of useful content that keeps over 1 lakh readers updated with the latest developments.

What's more? Infomedia 18 Ltd is bringing out these magazines in association with Ringier Trade Publishing, Hong Kong – a leading player in B2B publishing. The partnership brings immense value to all the readers & advertisers through world-class content and a wider reach.

For Advertisement, call: 022 - 4030 2818 / 821 Fax: 022 - 2430 2707  
 Email: [spmktd@infomedia18.in](mailto:spmktd@infomedia18.in)

For Subscription, call: 022 - 4030 2805 / 810 Fax: 022 - 2430 2707  
 Email: [customersupport@infomedia18.in](mailto:customersupport@infomedia18.in), [customercare@infomedia18.in](mailto:customercare@infomedia18.in)