



November 04, 2007  
Volume 6, Issue 44

# LEAN THOUGHTS

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## Thinking back from the Customer The latest news from Dan Jones

Dear Richard

Lean thinkers know that you can learn a great deal about an organisation by finding a good spot on the shop floor or office floor (the *Gemba*) from which to spend time observing what is going on. From here you can see just how the work is organised and how management thinks. The shop floor really is a reflection of management.

But there is another very good place where everyone should spend some time observing what is going on – and that is at the point where the end customer buys or uses the product or service. This might be the hospital ward, the call centre handling telecom breakdowns, the supermarket (particularly at the back of the store) or the car dealer. The supply chain really is a reflection of the interface with the end customer.

We have spent a lot of time studying these kinds of situations and it is remarkable what you can learn from this vantage point. Unfortunately most manufacturing folks do not get to see beyond the shipping dock, because what happens downstream is not their responsibility. Likewise those at the customer interface spend little time thinking about the supply chain that feeds them. This is a big mistake, because what happens at the interface with the customer has profound effects all the way back up the value stream and vice versa.

In our experience efforts to spread lean beyond the factory and across the supply chain cannot realise their full potential unless they start by working back from the end user or customer. Developing suppliers upstream from manufacturing is only half the story. It is at the customer interface that the initial Mura (variation not caused by the customer) is created that causes lots of Muri (overburden) that in turn causes all the Muda (waste) throughout the supply chain.

Mura feeds on Mura all the way upstream (triggering the well known Forrester effect) and unless the root causes of Mura are addressed the supply chain will be much longer, less responsive, more expensive and less able to deliver the right products on time. Buffering against Mura upstream helps a lot, but is only a sub-optimal solution. We discovered that you can only really address the root causes of Mura passed upstream by collaborating with those who deal directly with the end customer. The good news is that this actually opens up a very powerful win-win-win opportunity to serve customers better while at the same time improving the efficiency and profitability of the retailer, distributor or service provider as well as the manufacturers up the supply chain.

This is where value stream managers should begin their work – by thinking back from the customer, understanding the root causes of Mura and working out the win-win-win opportunities for working together with their customers and their retailers, distributors or service providers. There is as much potential for lean dealer/distributor development as there is for lean supplier development upstream.

The new *Creating Lean Dealers* workbook by Dave Brunt and John Kiff is the first step by step guide to unlocking this win-win-win potential. Once you begin measuring real customer fulfilment it is surprising how few cars are serviced and repaired right-first-time-on-time – typically between 30 to 70%. This level of service is very common across industries if you could but see it.

### LEAN CONSORTIUM MEMBERS:

- CFN Precision
- CGL
- CTS Canada
- EATON Cutler Hammer
- KRAFT
- LA-Z-BOY- Residential
- MESSIER-DOWTY
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- NESTLE WATERS CANADA
- STACKPOLE



Where “Lean Thoughts”  
Become Reality



However as almost no attempt is made to diagnose the work to be done until the customer turns up it is not surprising that they then have to scramble to find the necessary parts, have to hold lots of parts in stock, can't really plan the time it will take to do the work and can't streamline the flow of work through the workshop. An unreliable and infrequent parts supply system just adds to the problems.

Turn this round by developing a structured dialogue with customers a few days ahead of their arrival to pre-diagnose the work. This changes unpredictable work into predictable work, for which you can pre-order the kit of parts and accurately plan the time to do the work. This makes it possible to segment the types of work, standardise the sequence and flow cars through the workshop, doubling the productivity of the same staff.

It also makes it possible to order kits of parts for each job as they are needed rather than holding lots of parts in stock. And this signal of true demand makes it possible to create very cost effective rapid replenishment loops back upstream all the way to the manufacturer, with minimum Mura. The end result is 90% plus customer fulfilment, doubled productivity in the workshop and levelled orders making it possible to produce and ship in line with demand.

*Creating Lean Dealers* shows how this same logic can transform all the other activities of a dealership – from new and used car sales to body shop and customer account management. It will be a wake up call to the auto industry still wedded to customer satisfaction scores and in denial about how poorly their sales and service processes actually perform. But it also has some very practical lessons for many other activities, from sales and service of all kinds of equipment and infrastructure to managing diagnostic and treatment processes in healthcare.

The car dealership turns out to be a great place to learn to see customer fulfilment and what drives the supply chains that feed them. If we are serious about redesigning end-to-end value streams to create more value for customers using less resources and generating higher profits we all need to find our own spot at the interface with our customers.

Yours sincerely

**Daniel T Jones**  
Chairman, Lean Enterprise Academy

## Acclaim Design & Garage Wares

Ed Logan is the owner and President of these two organizations ... [ed@acclaimdesign.com](mailto:ed@acclaimdesign.com) Although he likes to cater to the retail and display industry he has some great products that can be applied to Visual management systems.

Through Acclaim design you can purchase plastic peg boards (again great for those food industry and harsh environments). They also have a great system of slat walls which allows for the creation of great shadow boards and good organization of those items on the shop floor. He also sells all of the accessories that will make workplace organization a breeze.

Check out the stuff at [www.acclaimdesign.com](http://www.acclaimdesign.com)

Now many of us like to paint the floors in our plants to create that very professional look, we are also seeking ergo matting for the benefit of our employees. At [www.garagewares.com](http://www.garagewares.com) you may just find the perfect combination match. From this site Ed sells a snap together flooring system that also acts as an ergonomic enhancement for your employees. The tile have been weight tested to resist tow motor traffic ... although I would not suggest using them in high traffic areas.

The cool prospect of this product is that by using different color tiles you can create a professional and ergonomic look while incorporating shadow boxing at the same time. If you want to change your lay-out .... No problem simply unsnap the tiles and reconfigure your layout.

Ed has a design creator on his web-site so you can create your layout on the web-site before ordering the tiles. The tiles come in a 12 X 12 size that can even be further cut down for custom applications. He also has a very cool edging system to finish that professional look you crave.

Make sure you tell Ed you heard about him through Lean Thoughts to get special pricing.

## LEAN ON ME

Contact me if you need coaching or facilitation help in the areas such as but not limited to; 5S, Value Stream Mapping, Set-up Reduction, Problem Solving or Policy Deployment and Consortium Development



Consortium Event Schedule



Tour Workshop Conference

January	February	March	April	May	June
<p><b>T</b></p> <p>Wednesday 24 <u>Eaton Electrical</u>, contact Joe Fisher, <a href="mailto:JoeRFisher@eaton.com">JoeRFisher@eaton.com</a></p> <p><b>W</b></p> <p>La-Z-Boy Corporate Monroe MI February 14 &amp; 15 <u>Enterprise Value Stream Mapping</u> How to use the VSM tools to map admin processes. Contact Richard Kunst for info. <a href="mailto:Richard.kunst@la-z-boy.com">Richard.kunst@la-z-boy.com</a> Register at <a href="http://www.ame.org">www.ame.org</a></p>	<p><b>T</b></p> <p>Wednesday 14, <u>CFN Precision</u>, contact Paul Kaulback, <a href="mailto:pkaulback@cfm-inc.com">pkaulback@cfm-inc.com</a></p>	<p><b>T</b></p> <p>Wednesday 21, <u>Nestle Waters</u>, contact Mariela Castano <a href="mailto:mcastano@perriergroup.com">mcastano@perriergroup.com</a></p>	<p><b>T</b></p> <p>Wednesday 18, <u>CTS Corp.</u>, contact Bob Garces, <a href="mailto:Bob.Garces@ac.ctscorp.com">Bob.Garces@ac.ctscorp.com</a></p> <p><b>C</b></p> <p>Lean Design &amp; Development Conference Wed 18 to Fri 20 Chicago Contact <a href="http://www.iirusa.com/lean">www.iirusa.com/lean</a></p>	<p><b>T</b></p> <p>Wednesday 16, <u>Stackpole CSD</u>, contact Don Barber <a href="mailto:Don.Barber@stackpole.ca">Don.Barber@stackpole.ca</a></p> <p>Consortium Shareshowcase</p> <p>Saturday 05 <u>CGL Guelph</u>, Contact Cindy Grolleman <a href="mailto:Grolleman@canada.com">Grolleman@canada.com</a> or Dave Deskur <a href="mailto:daved@cglmfg.com">daved@cglmfg.com</a></p>	<p><b>T</b></p> <p>Wednesday 20, <u>Morrison LaMothe</u>, contact Tony Vita <a href="mailto:tvita@morrisonlamthe.com">tvita@morrisonlamthe.com</a></p> <p><b>C</b></p> <p>AME Regional Conference Mon 18 to Thur 21 Edmonton, Alberta Contact <a href="http://www.measureupforsuccess.com">www.measureupforsuccess.com</a></p>
July	August	September	October	November	December
		<p><b>T</b></p> <p>Wednesday 26, <u>Kraft Foods</u>, contact Hanif Jivraj <a href="mailto:hjivraj@Kraft.com">hjivraj@Kraft.com</a></p>	<p><b>T</b></p> <p>Wednesday 10, <u>CGL Manufacturing</u> contact Dave Deskur <a href="mailto:daved@cglmfg.com">daved@cglmfg.com</a></p> <p><b>C</b></p> <p>AME National Conference Mon 29 to Friday Nov 2 Chicago Contact <a href="http://www.ame.org">www.ame.org</a></p>	<p><b>T</b></p> <p>Wednesday 14, <u>Messier-Dowty</u>, contact Mike Smith <a href="mailto:Mike.Smith@Messier-dowty.on.ca">Mike.Smith@Messier-dowty.on.ca</a></p>	<p><b>T</b></p> <p>Wednesday 12, <u>Orenda</u>, contact Brenda McIntosh <a href="mailto:brendamcintosh@orenda.com">brendamcintosh@orenda.com</a></p>