Key Improvement Concepts: Value and Waste

* The concept of value and waste *from the perspective of the customer* helps to
  * focus the organization
  * determine appropriate solutions
  * see the size of the opportunity

How do you define "Value"?

How do you define "Waste"?

Value Is

Anything that

a. the customer recognizes as valuable and is willing to pay for, AND

b. Changes the product or information, AND

c. Is done right the first time.

Waste Is

Anything that consumes resources without adding value

Waste Presents Itself in Different Forms

1. **Moving**

2. **Stopping**

3. **Searching**

4. **Inspecting**

5. **Getting Ready**

6. **Things Gone Wrong**

7. **More Than Needed**

8. **Not Needed**

Characteristics:

− *Observable symptoms; categories of issues*

− *Measureable / quantifiable*

− *One waste can cause another waste*

Waste 1: Moving

* Any movement of people, items, or information
  * Motion of people
  * Travel of people
  * Transport of items (product, information)

* *Examples*
  * Walking to file room or back-and-forth to copier to retrieve documents
  * Form being transported to multiple people until it is filled out

Example in your work?

Waste 2: Stopping

* Any delay in value-adding activities.
    * Waiting (Person, Product, Information)
    * Something arrives too late
    * Delay in processing
    * Interruptions
    * Needed resource is missing

* *Examples*
    * Waiting for funds or authorizations
    * Not all information needed has been provided
    * Responding to an "urgent" request that must be expedited

Example in your work?

Waste 3: Searching

* Locating something or someone needed to do work.
    * Materials
    * People
    * Information

* *Examples*
    * Locating contract information, project deliverables, budget performance
    * Locating Sr. Director for a signature
    * Locating a file on a network drive

    Example in your work?

Waste 4: Inspecting

* Checking to ensure work has been done correctly.

* *Examples*
  * Validating data accuracy
  * Approving an invoice or contract

Example in your work?

Waste 5: Getting Ready

* Activity to prepare to do work.
    * Setting Up
    * Changing Over
    * Tearing Down

* *Examples*
    * Gathering data to complete a report
    * Shifting from managing one contract to another

    Example in your work?

Waste 6: Things Gone Wrong

* **<u>Defects</u>:** Output of work that does not meet standards, specifications, or expectations.
* **<u>Variation</u>:** Movement around a target
* **<u>Rework / Fixing</u>:** Effort to correct a defect.

* *Examples*
  * Incorrect information provided on report
  * Sending wrong person the wrong contract
  * Different results from the same process

Example in your work?

Waste 7: More Than Needed

* **<u>Too Much</u>**
  * Inventory: any item not actively involved in work
  * Overproduction leads to inventory
  * Can also apply to extra steps in a process
* **<u>Too Soon</u>**
  * Sooner than needed – before ready
  * Applies to Items or Actions

* *Examples*
  * Entering same information multiple locations on a form or multiple forms
  * Data and analysis that becomes outdated before use

Example in your work?

Waste 8: Not Needed

* Something that is not necessary in order to provide value to the customer.
    * Step or Task in a Process
    * Information (or information processing)
    * Product or Service

* *Examples*
    * Software features that are not used but drive up cost
    * Data collected or report prepared that is not used

Example in your work?

Just Think…

How much of your time is spent every day

SEARCHING & FIXING?

What About Value Added?

On average, typical work processes are 5-15% value-added.

Significant opportunities are normally present to make the process more effective, efficient and EASIER TO DO!

Grab a buddy and tour the grounds (20-25 minutes).

Come back when you have observed at least four types of waste from the handout.

Be ready to report out!