

Value to the Organization

- So far, we've talked about the principles and the purpose of Lean, and the role of some of the tools.
- Now we're going to sort of back up and talk about why, an organization would adopt Lean.
- This presentation is just a brief overview, of the many benefits of Lean to an organization.

Lean Benefits

- There are many areas that benefit, but they're sometimes broad, indirect, and long-term.
- This may make them a littler harder to quantify, in organizations that rely heavily on short-term measures of performance.

Lean Benefits

- How does Lean implementation benefit the organization?
 - Customer Focus
 - Culture Change
 - Capacity
 - Efficiency
 - Effectiveness
 - Flexibility
 - Financial

1. Customer Focus

- W Edwards Deming, argued that organizations should focus on creating customers for life.
- It is much cheaper to satisfy and keep a customer, than to find new ones.
- This is also the best way to grow your business.

2. Culture Change

- Culture change, is critically important for most organizations.
- It's also difficult and can take a very long time.
- If you can create an organization of engaged employees, you'll see a transformation.
- Satisfied engaged employees, will in turn satisfy and delight your customers.

3. Capacity

- Through the implementation of many of the Lean tools, an organization can increase capacity, without the addition of new equipment or personnel.

4. Efficiency

- Lean, results in great improvements in efficiency.
- This is a product of the system and the tools, that allow us to better utilize our resources, focused on the things that add value.
- Instead of wasting resources, on things that do not need to be done.

5. Effectiveness

- Effectiveness, is closely related to efficiency.
- Better use of our resources, enables us to better satisfy our customers.
- It also allows us to be effective internally.

6. Flexibility

- In a Lean environment, it's much easier to change directions and
- respond quickly, to customer and market needs.

7. Financial

- The financial benefits of Lean are significant, but they can be hard to measure.
- How do you measure the benefit of not doing things that are unnecessary, of making customers happy?
- Because Lean, is a system the impacts are broad.
- These can include cost savings from better use of resources, increased revenue because of customer satisfaction, better cash flow as a result of reduced cycle time.
- And better utilization of capital, through inventory reductions and space utilization.

Thank You