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Strategic IS Management

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Baber M (FCES)

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# 1 – Introduction

This report evaluates the company HMV and looks at how the organisation can make use of Lean Thinking to optimise their workflow. HMV is somehow still relevant in this fast-paced digital age with a high growth of streaming platforms, but this report focuses on a core issue which could benefit their workflow.

HMV’s main complaint via Trustpilot shows that HMV have a range of issues (Trustpilot 2020). These issues consist of deliveries, with automated emails which aren’t very helpful to the customer and their stock, with products being out of stock when they state online, they are in stock. This could be human error if using the older paper-based method, or it could simply be an out of date database. With these reviews being publicly available, it could be damaging to their reputation and other potential customers.

With these two main issues identified, this report will try to go through the order process and getting it delivered. When using the Lean Thinking method on HMV, this report will show a Value Stream Map which will have a description of the task, with the Muda type and value type, with a small description of how it provides value to the customer.

# 2 - Analysis of problem situation

## 2.1 - Introduction

The main problem which was found whilst researching HMV is their deliveries and their ambiguity around their stock, this can be seen with their reviews on publicly available review sites such as Trustpilot. With 593 reviews, 39% of the reviews are below average which mostly touch on the area of deliveries, loyalty scheme and stock. With the website and the local shop being unfamiliar with their current stock, let’s look at this issue more in depth, with a few assumptions to identify how HMV can implement Lean into their workplace.

Before tackling these problems, some form of analysis can be carried out with the Five Laws of Lean. Lean can be described as the elimination of waste (Womack & James, 2003) and is the process of working smarter, not harder. Whilst carrying out this analysis it is important to treat each law as a link, which should have a strong foundation and a good connection to build up a better understanding of the analysis.

## 2.2 - The Law of the Market – Law 0

The first law of lean is value, and through investigation understanding how to find the values your customers really seeks. This can be discovered with a Value Stream Map (VSM) which helps the company identify at which stage offers the customers value.

## 2.3 - The Law of Flexibility – Law 1

The second law of lean is flexibility, and as the name states it is about flexibility in the workplace. Being receptive to changes allows the company to optimise performance, this can be done by looking at the VSM and identifying which parts provides value. If there are any parts which don’t provide value, these tasks can be optimised and removed from the VSM.

## 2.4 - The Law of Focus – Law 2

The third law of learn is focus, which is how focused the company is to the flow of the process’. Flow is how smoothly and efficiently the tasks moves from different stages with the end goal being a product being delivered. When analysing the law of focus, it is important to make sure that make sure no part of the process is in batches which are unlean and slow down the flow.

Batches are also known as just in case, works in progress, and errors, these are all inefficient and can create disruptions to the flow. There are also other types of disruptions to flow which sometimes can’t be optimised completely, and that is departments. This is due to the line of communication can be slow at times in a workplace, this could be slightly optimised by splitting up the workers into small groups with different people from different departments.

## 2.5 - The Law of Velocity – Law 3

The velocity of any process is inversely proportional to the amount of ‘work in progress’ (WIP). This is also known as little’s law. This law allows the consumer to pull the product which in turn, will lower their inventory or WIP and improve the flow.

## 2.6 - The Law of Complexity and Cost – Law 4

The last law is the law of complexity, this law is also known as Perfection. By trying to achieve the perfect product or service, takes away from the time of getting a base version out there. Whilst this base version could be lower quality, it is at least out there and can them provide additional time to improve the base version. Do what is required, no more.

# 3 - Application of problem-solving technique

HMV’s problem can be broken down into a bunch of tasks known as a Value Stream Map, which outlines the description of each task with the type of Muda and value it offers. This table is assuming that HMV are using a manual stock management method. This consists of a stock book to record items bought and sold, a reorder system which would need to be based on the levels of stock available and labels and codes for each item which is being held and sold by HMV (Queensland Government 2020).

The stream of the table goes from top to bottom, with the bottom of the table being the return on investment (ROI) (Stern, 2017).

|  |  |  |
| --- | --- | --- |
| Task | Description | Muda & Value Types |
| 1 – Go to Shop | The customer would be required to go to the store and search for a product. | Type 2 Muda – Value Type 3.  Whilst some customers might prefer to go to a store in person and experience sensory value, this process could be made easier with an online store. |
| 2 – Find Product | Now at the store, the customer can look for the required product or browse for other products. | Type 1 Muda – Value Type 1.  Like task 1, this process could be made easier with an online store and a search function. |
| 3 – Seek Assistance | If the customer can’t find the product, they can ask for assistance from a member of staff. | Type 1 Muda – Value Type 1.  Whilst customers would require assistance for something, like task 1 and 2, this could be optimised with modern technology. |
| 4 – Check Stock | Staff can check for product in specified location, which was arranged by hand, if none is on the shelf the staff member can check stock. | Type 2 Muda – Value Type 2.  Again, with modern technology and an effective system, this could be avoided. |
| 5 – Track stock levels | When staff member grabs the product out from the warehouse, stock levels must be tracked on a paper stock book which should record the unique item number, stored location, seller price, stock number, cost, quantity and so on. | Type 2 Muda – Value Type 2.  Provides no value to the customer but is important for HMV to account for their sales and any losses. |
| 6 – Update Stock | Stock levels would need to be tracked and updated every time the stock is moved from warehouse to store front. This process should be done by a stock taker or a member of staff. | Type 2 Muda – Value Type 2.  Provides no value to the customer, but like task 5 is required for HMV. |
| 7 – Ring up order | Staff member can now ring up the customer and proceed with the check out. | Value Type 2.  Provides Value to the customer, as they now have what they set out for. |

With the VSM above, it is clear to see that a few parts disrupt the flow. These parts are 5 & 6 which aren’t bulk but are putting a delay on the flow of the process.

This table is an updated version of HMV’s VSM and is a more streamlined version with how a computer-based stock management system could improve their workflow and how it uses Lean. By applying the Lean method, this can improve the flow of the VSM and get to the ROI more rapidly.

Whilst optimising the VSM it is important to note that you should never try to improve one stage, without improving the rest of the stages when possible (Huthwaite, B., 2007)

|  |  |  |
| --- | --- | --- |
| Task | Description | Muda & Value Types |
| 1 – Go to Website | User goes to HMV’s website, must click an additional button to get to the shop. | Value Type 1  Can provide value for the type of consumer who enjoys a quick and easy way to the end goal. |
| 2 – Find Product | User can now look for a product on HMV’s online store, if product is sold by HMV it should be easy to find via the search and can be filtered to items in stock. | Value Type 2  Provides little value, like task 1 can be great for the type of user who knows what they want. |
| 3 – Purchase Product | Purchasing the product and seeing how many available and total price. | Value Type 2  Provides Value to the customer as they’re closer to the end goal of receiving their product. |
| 4 – Give Delivery Details | Details are given for delivery, which a third party arranges with HMV for the most optimised route. | Muda Type 1 – Value Type 3.  Whilst unavoidable, this can provide a small bit of value to the customer as it’s on the way. It may not be the fastest route to them, but it is for the courier. |
| 5 – Get Product | Product arrived at the door with tracked delivery. | Value Type 3.  Customer gets their product and have completed their order process. |

This table above provides an easier way for the consumer to pull the product instead of the company pushing the product through the system. This prevents issues such as inventory build-up and delay in responding to customers (Womack & James, 2003). Applying the Lean method will be an improvement, since the developers can work on creating the bare minimum and applying any additional features after so many requests have been suggested (Poppendieck, M., 2011).

# 4 – Conclusion

From this report, there has been an analysis on HMV using the Lean Thinking method. Whilst there are many different methods out there to call upon, this method be getting the bare minimum done in order to get the product seen. The VSM has shown how some stages can be omitted and can be replaced or updated with a more efficient VSM.

When applying Lean to software development, it is important to get a stable foundation which does the bare minimum before adding additional features. By doing so, this eliminates the amount of ‘Bloat’ in a system to keep it optimised.

# 5 - References

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# 6 – Appendix

## 6.1 – Trustpilot Reviews

