

Lean Tool Information Sheet What is ... Lean Business Health Check

Improve workplace efficiency using Vative's Lean Business Health Check (LBHC)

The Vative Lean Business Health Check is a Lean diagnostic tool used to evaluate multiple business units and their performance in relation to the 7 Lean pillars:

Process Orientation, Pull Systems, Perfect Quality, Flexibility, Standardisation, Transparent Processes, Continuous Improvement & Associate Involvement and Empowerment

The Lean Audit uses known benchmark standards achieved by leading companies practicing Lean. This is a comprehensive assessment which should be used to determine company vision and goals. It also measures process improvement and Lean progress over time.

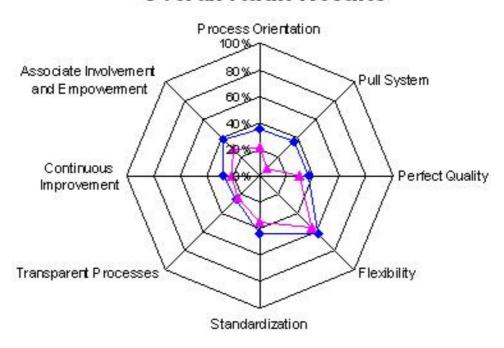
The Vative Lean Business Health Check can be conducted in any one or all of the following business departments or sections and can be tailored to both production and service environments – Production or Service Areas, Procurement, Processing Orders / Requests in Administration, Processing Customer Orders / Referrals, Internal Logistics, Incoming and Finished Goods Stores, Associate Involvement and an overall Level of Implementation.

Application and Benefits of the Lean Business Health Check audit:

- Generally conducted as a baseline and every 6-12 months in line with the Lean business vision planning
- Measures against benchmark standards of world class businesses practising Lean
- Allows for assessment of each department individually and also the company overall
- Ideal to plan business improvement, productivity and growth
- Ideal to measure success of action plans and projects implemented

Strive for excellence, and pave the road to reach it!

Overall Audit Results



Lean Six Sigma Society of Professionals Websites: <u>www.vative.com.au</u>

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The Lean Business Health Check measures the following Business KPI's:

Example of how the Lean Business Health Check may be used in different industries

In a manufacturing environment	In an office environment
Work in Progress process measures:	Work in Progress process measures:
✓ Inventory Total (Average over 6 months) - ratio of total stock value divided by demand/day	✓ Inventory Total (Average over 6 months) - ratio of total orders in process and their value divided by the demand / day
Quality measures:	Quality measures:
✓ Total rejects External returns No. of & Percentage of.	✓ Total mistakes found in the next process. No. of & Percentage of
Productivity measures:	Productivity measures:
✓ Total Labour required to make 100 pieces (min/100 pieces)	 ✓ Total Labour required to complete XX No. of orders (minutes per order)
Structural Cost measures:	Structural Cost measures:
✓ Overheads as either a cost or percentage in addition to labour rate	 ✓ Overheads as either a cost or percentage in addition to labour rate
Dock to Dock Time	Overall Order Completion Time
✓ Lead time for materials to move from supplier to the customer	✓ Lead time for orders to move from initial order creation/ request to final order completion and delivery to the "customer"

The Lean Business Health Check has application in many other environments such as Finance, Logistics and Healthcare, Construction, Mining etc..

For more information on how our Lean Business Health Check may be used to assess and improve your Business systems please contact Vative

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