

# Lean approaches: Fad or a source of real value?

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**During difficult times it's tempting for leaders to focus on raising funds or cutting services. However, working more effectively and efficiently can also provide a significant source of reward. In this article we examine 'lean approaches'. A methodology to help your organisation make-every-penny-count through understanding what really adds value to the services you provide.**

Following the Gershon report many Government departments sceptically turned to 'lean' techniques to deliver savings. Did they work? In general, yes. For example, a £31m budget saving was achieved while maintaining service, by a military department through just 14 lean improvement events.

**So are these techniques valid for third sector organisations and if so, how do you get started?**

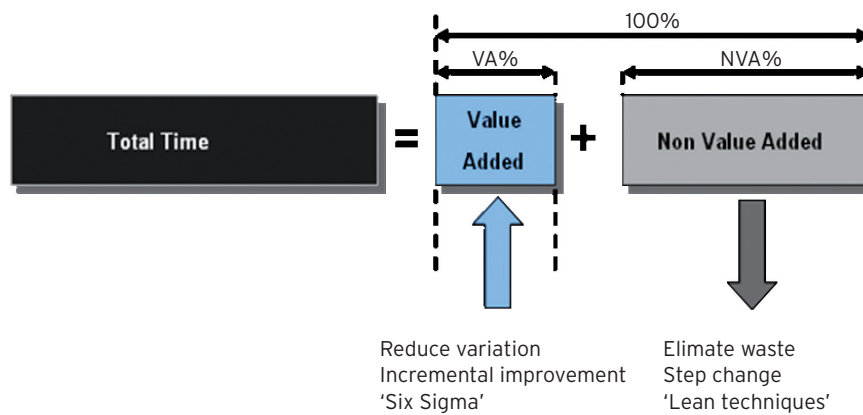
**Lean thinking is rooted in five core principles:**

1. Specify the value desired by the beneficiary of your services and deliver what they want
2. Identify the 'value stream' for each service. Map the activities and eliminate those that do not add value
3. Make the service flow continuously so waiting and storage is minimised
4. Introduce 'pull' between steps where continuous flow is impossible so that services are only delivered 'when & where needed'
5. Continually improve: manage towards perfection so that the number of steps and time required continually falls.

Overall, the key message is: "Deliver the service your beneficiary wants/needs as efficiently as possible by reducing all non-value-adding activities". Surely this is valid for any third sector organisation.

The focus on non-value-adding activities, or 'waste', is where the lean approach varies from many other improvement approaches such as 'Six Sigma'. When used correctly, the techniques make waste visible to your people; encouraging action to improve. See figure 1 on the next page.

Figure 1



### Waste can come from a variety of sources. For example:

- Waiting. Time wasted waiting for information or resources
- Scrap/rework. Effort wasted doing things again because they haven't been done 'right first time'
- Storage and over production. Materials, brochures, leaflets or badges becoming damaged or outdated in storage
- Motion. Wasted transport costs caused by people and materials being in the wrong place when they are needed
- Over processing. Doing more than is necessary to meet the needs of your beneficiaries and other stakeholders

Each source of waste can contribute to hidden costs in your organisation.

### So how do you get started?

We would argue that the first step is not simply to introduce lean techniques through training courses. Achieving results is dependent upon engaging with your employees and volunteers and providing the opportunity for them to practice their new found skills. Simply training in a given tool rarely achieves the desired benefits and worse still, can lead to negative feelings if these tools are not implemented in a timely manner. Rather, the task is first to prepare the ground and create a readiness for change. Agree the key objectives of your organisation and cascade these so that everyone understands their direction and what 'success' looks like.

Only then should you introduce a systematic improvement methodology using proven techniques. Do not become over-reliant upon external support and ensure you develop your own internal team of improvers to drive improvements across your organisation.

In time, a widely shared continuous improvement culture will emerge enabling improvements in all service delivery areas. In service organisations, it is quite possible to reduce operating costs by up to 50% while protecting the service you provide to your beneficiaries. So there could be a lot of gold at the end of the rainbow.

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