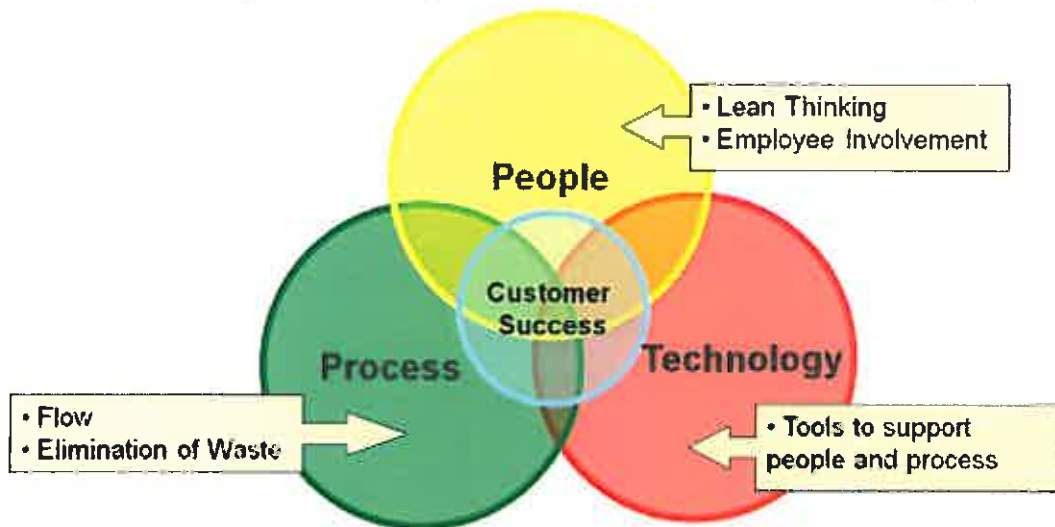


## What is Lean Thinking?

Lean Thinking is a systematic approach to identify and eliminate waste while focusing on adding value to our internal and external customer.

Lean Thinking should not be seen as a set of tools to be applied, but rather embracing a new way of thinking. While it is important to understand the tools, it is critical to understand their application and how to create a culture that will embrace and sustain the thinking.

**There are three key elements to the application of Lean Thinking:**



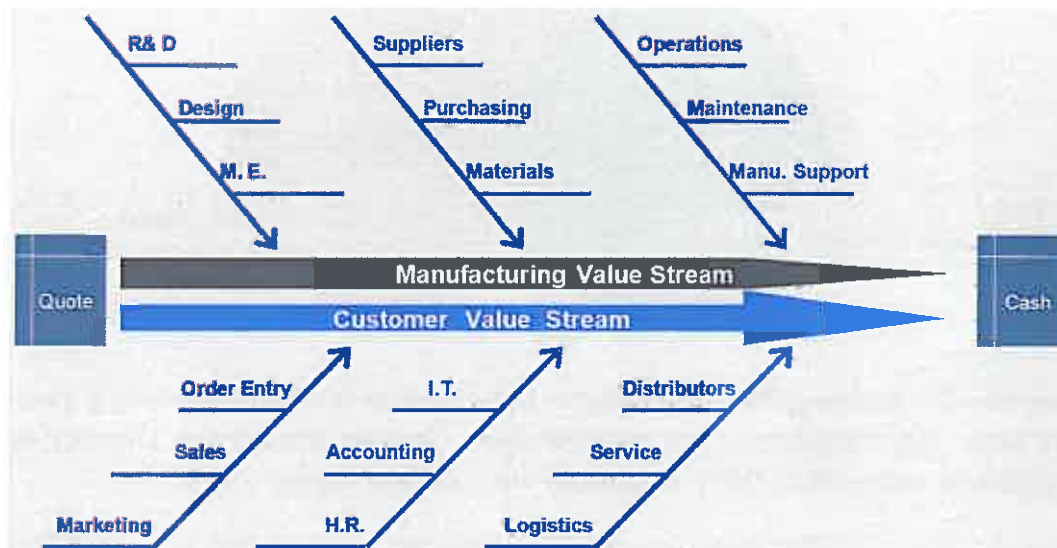
1. **People.** Challenging the way people think and to involve them in the process to improve the thinking in the organization. People should be viewed as your company's top asset. Without people, we cannot deliver value.
2. **Process.** Focus on the flow of product and information. If products or information stop flowing, this is waste. The focus of the people is to identify the waste and work towards eliminating the waste. Process is how people deliver value and ultimately how the company flows its cash from 'quote to cash'.
3. **Technology** – Technology is applied to help people with process to add value. Technology should be seen as a way to help people, not replace them. Technology should be applied after following these steps: identify what needs to be done, simplify what needs to be done, and then automate where required. Failure to simplify will result in inappropriate processing.
4. **Focus on Customer Success** – Always focus on providing value to both internal and external customers. Identify what your customers need by asking them and developing a long term trusting relationship.

## What is a Lean Thinking Enterprise?

Having a Lean Thinking Enterprise is having all people and processes focused on improving the way we do our work in order to eliminate waste or non value added activities throughout the entire operation.

Typically, Lean is seen as a manufacturing tool and as such is applied to the shop floor only. In reality, most of our problems on the shop floor are generated outside of the actual shop by our information flow. In fact, about 80% of the problems on the shop floor originate in the office. For example, every time a schedule changes, it causes waste on the shop floor through additional set-ups, material handling etc. Schedule changes are a result of problems with the information flow. Lack of raw materials on the shop floor can cause waiting time or additional set-ups. This is typically due to supplier issues or problems with our information flow through the supply chain, again caused by problems with the information flow.

The entire organization should be thinking quote to cash. Our job is to get a quote in the door and turn it into cash as quickly as possible. The following diagram illustrates how a learn enterprise should look.



In reality, our customers want to pay for one thing, product. The only time we add value in our organizations is when we change form, fit or function to product. The only persons that generate true value in our organization are those that change the form fit or function to our products, the people on the manufacturing floor.

Does this mean that everyone else is non value add? From the perception of our external customer, yes, but from the perception of our internal customers, no. Our key internal customer should be seen as manufacturing. If we provide manufacturing with the parts, information, tools and skills they require, it will significantly impact our flow time, or our quote to cash time, and therefore improve cash flow. The key is to understand who your customer is and what value you provide for them.