



Lean Transformation: Changing into a Lean Enterprise

Points to Consider

As a concerned manager, answering the following questions can help you understand if Lean can get you to your next level of performance:

- How do your customers measure and define value? (and, are you providing it?)
- How do you measure and define value?
- What are the key drivers of the economics of your business or operation?
- What drives value in your operation?
- *How do you make the business/operations strategy visible and personal for everyone in your organization?*
- *What do you need to know, or do, or change to become more effective?*
- Do your monthly progress reviews achieve the results you planned for?

In order to achieve superior performance, companies need to redesign their organizations to be Lean. Lean is a systematic approach to reducing a company's operational costs and identifying hidden waste. Improvements are made by examining the whole operation and focusing on total process efficiency, instead of just isolated improvements, and by streamlining value-adding activities.

The basis for Lean Transformation is simple - in using the proven principles of Lean there is a fundamental, systematic shift in the expectations, measures, performance, and culture of an organization. CGN helps its clients create a business and operations strategy that focuses on operations excellence as measured by functional value, defect-free quality, outstanding delivery, and compelling customer value.

Lean principles are applicable in all working environments, whether operational or support in nature. All areas of a company can benefit from the application of Lean principles ensuring lower costs, higher quality, and better service and delivery.

STRATEGY DEPLOYMENT

Strategy Deployment is a rigorous process to re-focus the organization on achieving breakthrough process improvement, rather than on marginal improvements or the maintenance of status quo. It is designed to ensure that organizations achieve their expected goals and objectives; identify barriers/obstacles; and begin to execute their go-forward strategy necessary to accelerate transformation.

EXTENDED ENTERPRISE/SUPPLY CHAIN MIGRATION

Next-level major gains require a business entity to migrate Lean into the Extended Enterprise to link the enterprise objectives with both customers and suppliers. Suppliers and all members of the extended enterprise work to create win-win relationships and linkage within a Lean and stable supply base by focusing on the shared value creation process that flows from the supplier firm, through the enterprise, and into the customer firm and/or end user.

SUPPLIER ASSESSMENT AND DEVELOPMENT

The Lean Enterprise needs to take a strategic and systematic approach to working with its key suppliers. A Supplier Assessment helps gauge the capability and capacity of the supplier to meet your business and Lean operating requirements. The assessment process itself helps encourage key suppliers to respond to your Lean transformation. Supplier Development provides a proactive and constructive approach for the development of suppliers and their linked value creation process.

VALUE STREAM ANALYSIS (VSA)

VSA is a combination of Lean tools and techniques used to analyze a business process and to prescribe a plan, with a timeline and assignments, for transforming the process and achieving breakthrough results.

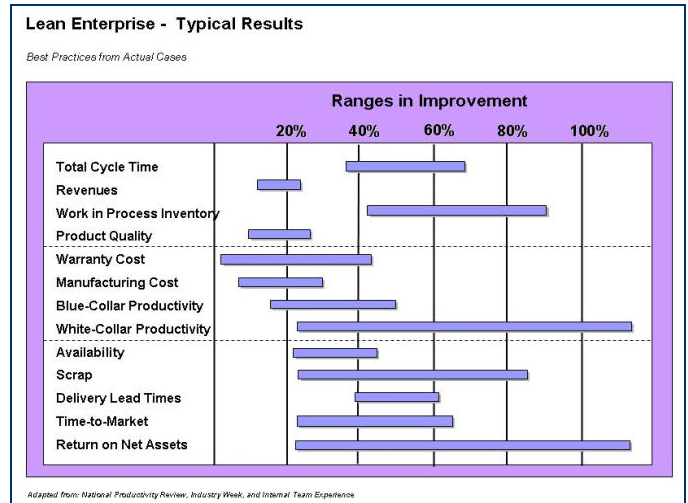
LEAN MATURITY ASSESSMENTS

The process of becoming Lean helps companies significantly impact their customer focus, increase profits, and build a culture of continuous improvement. Periodic assessments support the change process, reinforce new habits, and maximize improvements in the shortest time while minimizing risk. Indicators of success include: financial health, customer satisfaction, and profitable growth to measure progress and guide future actions and adjustments. CGN's collective goal is to avoid the risk of failure that can be caused by misplaced priorities, wasted time and effort, waning motivation, misaligned organization, and/or unwanted "anti-bodies." Assessments can be an initial step, a progress check, course correction, or a planning activity. They always provide a teaching and learning opportunity.

BUSINESS VALUE OF LEAN TRANSFORMATION

Lean Transformation is a strategic initiative that can increase revenues as well as reduce operating costs. By utilizing Lean methods, you can help your company decrease lead times; reduce inventory risk; deliver higher quality at lower prices; and improve company margins, returns and cash flow. True Lean processes optimize operations to improve three key areas: productivity and cost competitiveness; inventory management, asset velocity (the speed with which you make a product, turn over your inventory, or deliver the product to your customer), and flexibility; and quality and customer growth.

Depending on your areas of focus and priority, typical improvement results with early stage Lean efforts include:



SUMMARY

Whether as an initial undertaking or as an on-going process of continuous improvement, Lean makes good business sense. CGN's Lean expertise can help you target key areas of improvement resulting in high-payback results in a short timeframe.

HOW CGN HELPS

We listen, ask questions, and understand your business. We suggest new ways of thinking that can transform your way of operating. We help you build holistic, smart solutions to complex problems. We discover potential within your company that leads to breakthrough growth. We help you innovate and lead in an ever-changing global marketplace.

TO LEARN MORE

If you would like to understand how you can take advantage of The CGN WaySM to overcome your businesses challenges or pursue new opportunities, please contact us at 1-888-RING-CGN or visit us at www.cgn.net.

Key Words: Lean, Lean Manufacturing, Supply Planning, Supply Chain Network, Resilience, Flexibility, Redundancy, Sales and Operations Planning



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