
Lean for Procurement Overview

CIPMM June 6, 2017

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LEAN

less inventory
NOT
less people

The Challenge

With limited resources

you must still deliver as much, and maybe more to
your clients

faster and better

while increasing staff engagement

From: Irwin, Christopher (MTO) <Christopher.Irwin@ontario.ca> Sent: Tue 06/05/2014 11:50 PM
To: Craig Szelestowski (craig@leanagility.com)
Cc:
Subject: Renewal Backlog is no more.

From 4500 to zero in 2 months.

94 days ➡ 5 days

CHRIS IRWIN

Manager, Organizational Change Management
RUSMP - MTO

Reduce time from initiation to contract signature by 60%

Canada^{🇨🇦}

Reduce claims and payments time: 87 → 14 days

Canada^{🇨🇦}

Time to create a fully-qualified pool of AS-02's: 12 months → 8 weeks.

Canada^{🇨🇦}

Top 35 companies to work for in Canada list – *Report on Business Magazine*



ROYAL CANADIAN MINT
MONNAIE ROYALE CANADIENNE

FedEx



Processes that flow; performance of process and problems visible at a glance

Willing, able, and enabled people who constantly solve these problems

Faster, better, more capacity with inspired people

Elapsed Time: 90+ % non-value added

“It takes us **three weeks** to process a file...

...but the time we spend actually touching it or working on it is only **four hours.**”

Flow

If you took a file,
put an imaginary video camera on it
and sent it through your process
What would it see?



bottlenecks

backlogs

**unnecessary
approvals**

**missing
info**

**chronic
errors**

**unbalanced
work**

**last-in,
first-out**

clarifications

**unnecessary
steps**

**too many
handoffs**

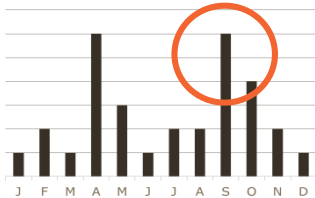
waiting

waiting

waiting

How Backlogs Develop

1. Increase in volume of work



causes

2. Overwhelmed team, thus reduced productivity



made worse by

3. Team spends its reduced capacity on non-value added, preventable, work

- Fixing errors
- Clarifications
- Re-drafting
- False starts
- Looking for information
- Unnecessary approvals
- Excessive processing



made worse by

4. Team spends capacity on:

- Client progress-chasing calls
- backlog reporting



allowing

5. Fewer files finished, a growing backlog



repeat Steps 2-5, fall further behind

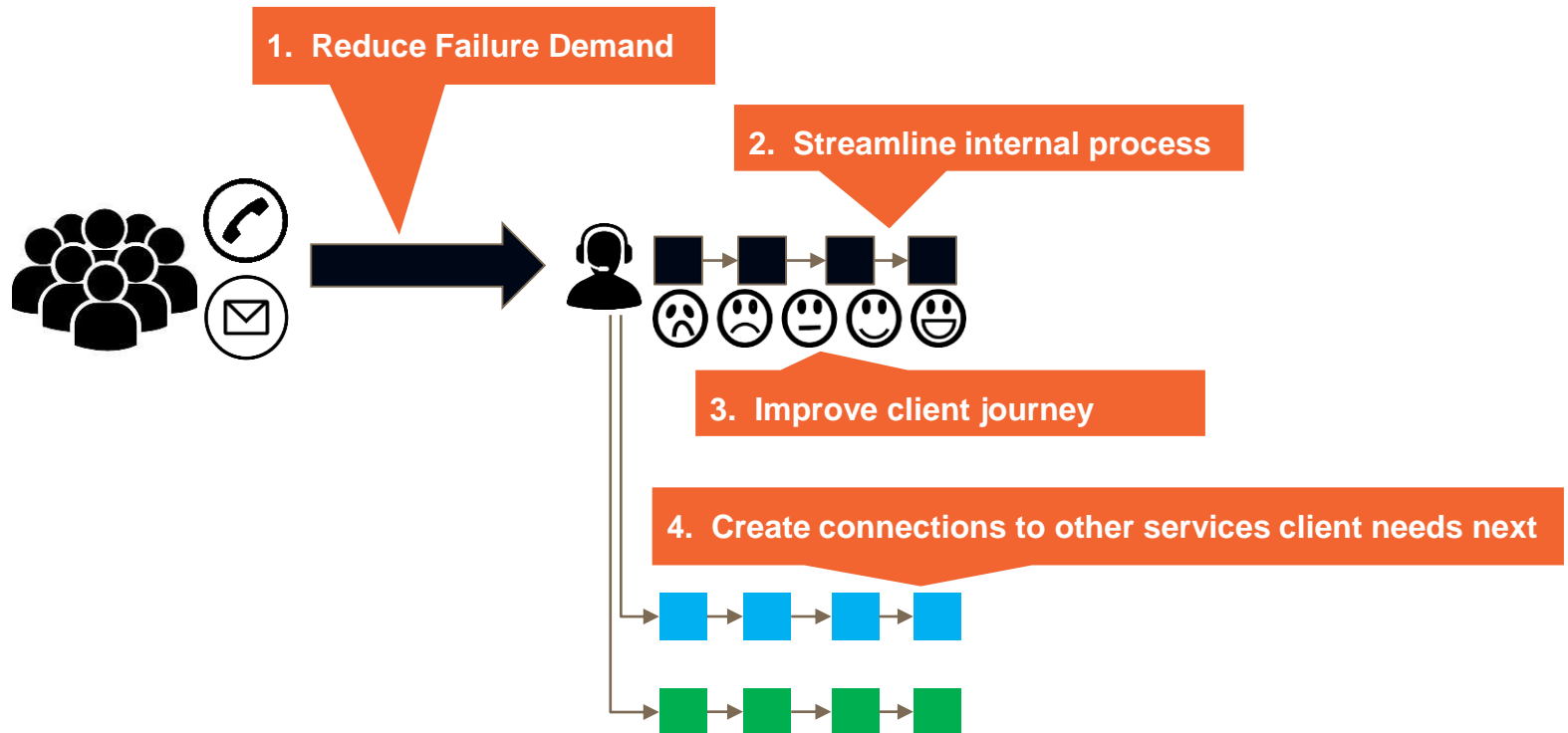


Human Productivity

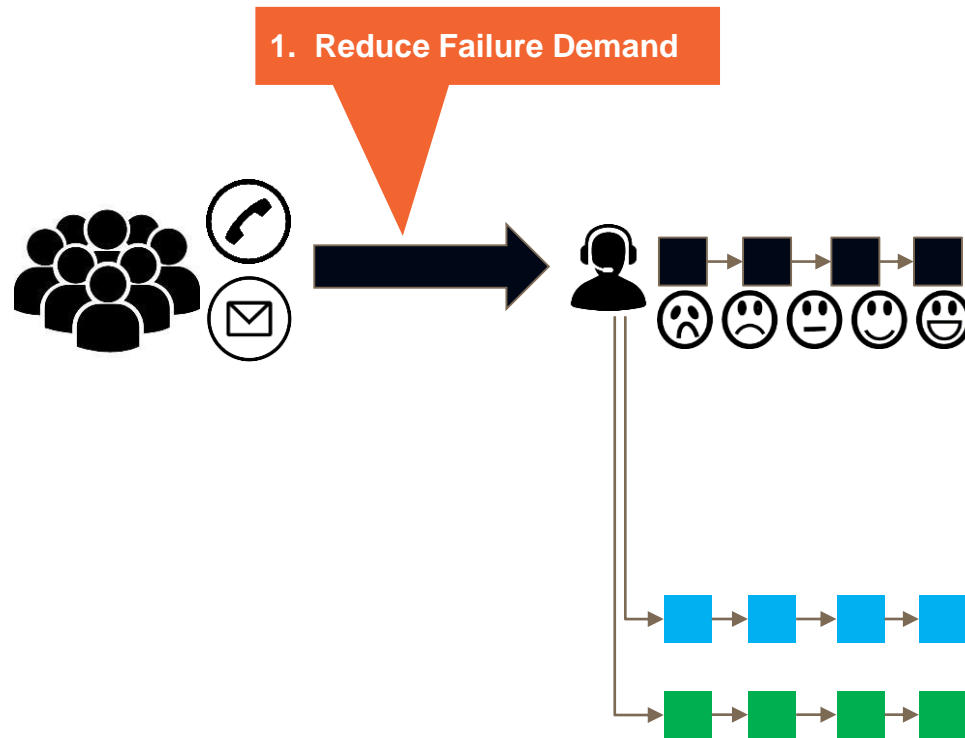


Transforming Procurement

Approach



Approach



Two Types of Demand



Value Demand

- Contacts that we WANT.

Eg:

- Initiate a transaction



Failure Demand

- Contacts we DON'T WANT
- Arising from a failure to do something or do something right for the client. Solve the root cause.

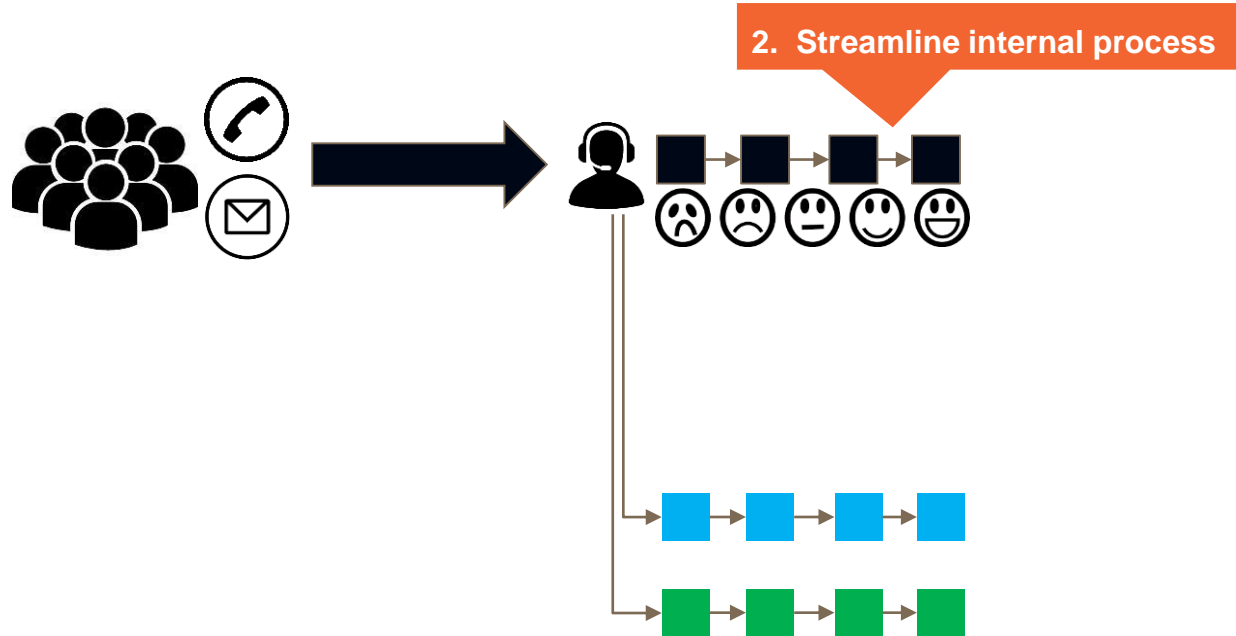
Eg:

- Progress chasing – where is my stuff?
- Who do I call?
- How do I do this?
- You got this wrong
- Calling wrong place

20-85% of contacts
10-50% of effort

What specific types of Failure
Demand do you experience in
Procurement?

Approach



Tools: Value Stream Mapping



“Preventable Work” drains capacity and slows the file, but does not add value

| Type | Example |
|--------------------------|---|
| Something not done | Document, information missing – go find it |
| Something not done right | Wrong information, misplaced info – redo it |
| Something is not clear | Unclear instructions, requirements – go get clarification |
| Unnecessary task or step | Unnecessary approvals, meetings |
| Something takes too long | Chasing progress, answering |

Defects

- When something is
- missing, or must be:
 - corrected,
 - clarified, or
 - adjusted/adapted in order to be used.



Overproduction

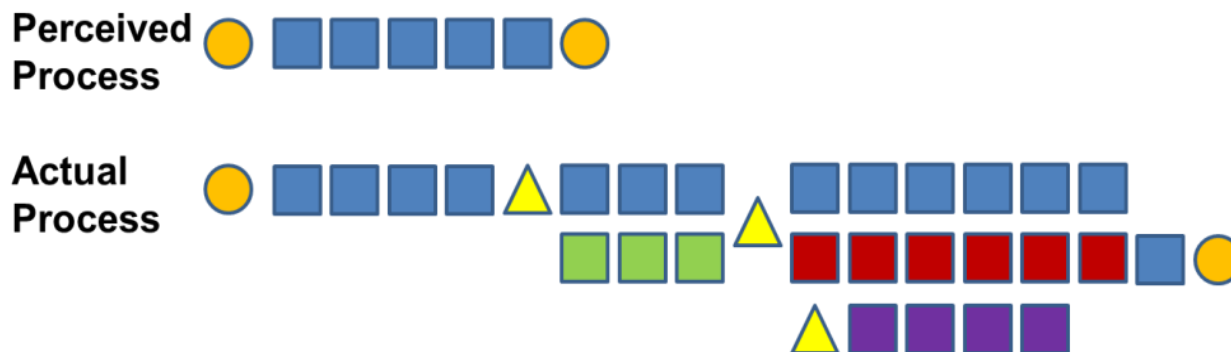
When

- The work is started too early
- Too much work passed to next step
- Too much work is taken on



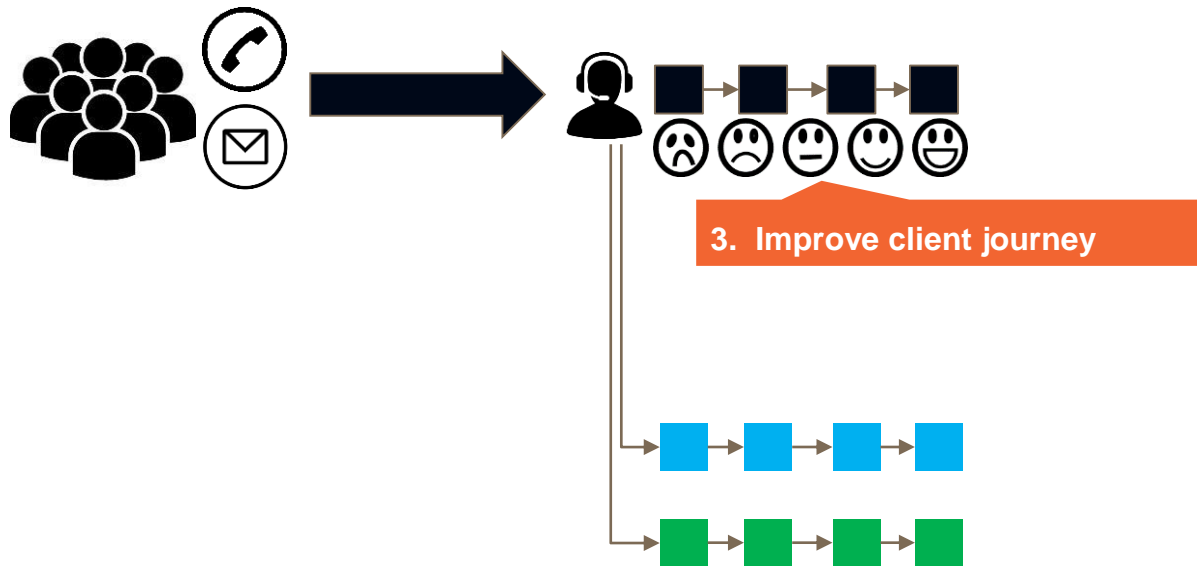
Excessive Processing

When the work is processed more than required.



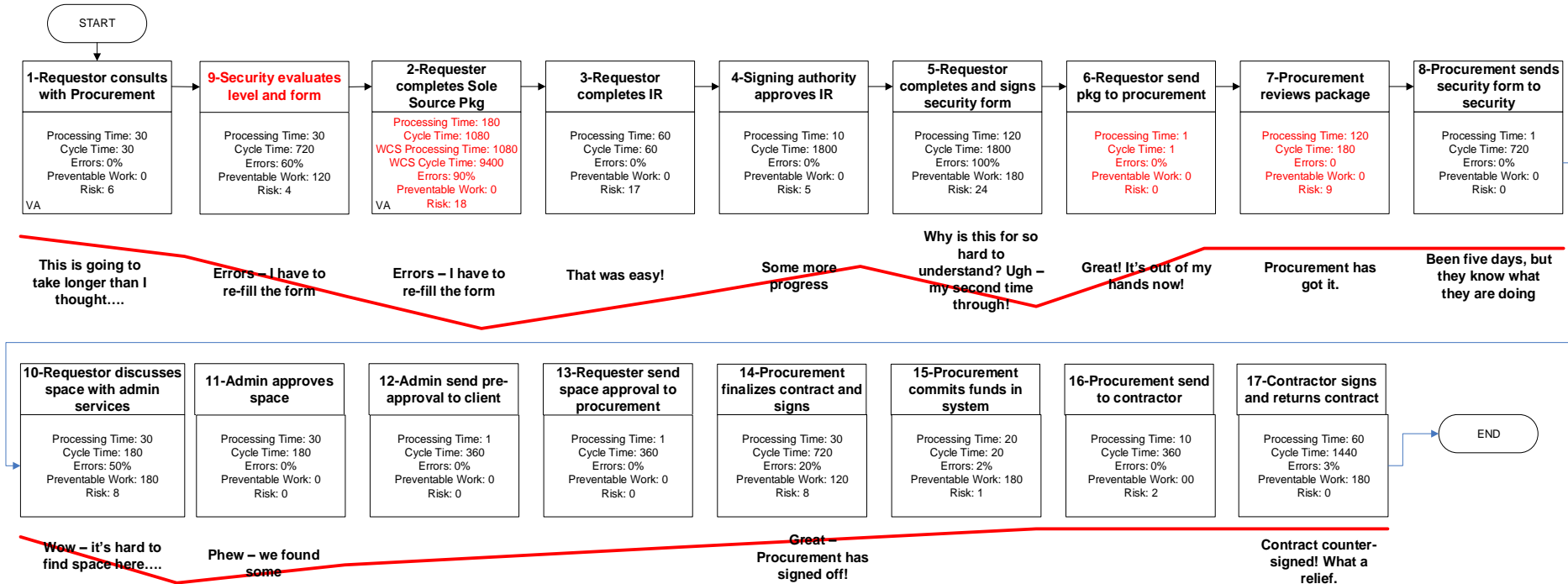
What specific types of
Preventable Work do you
experience in Procurement?

Approach



Value Stream and Client Experience Map

Sole Source Contracting <\$25K

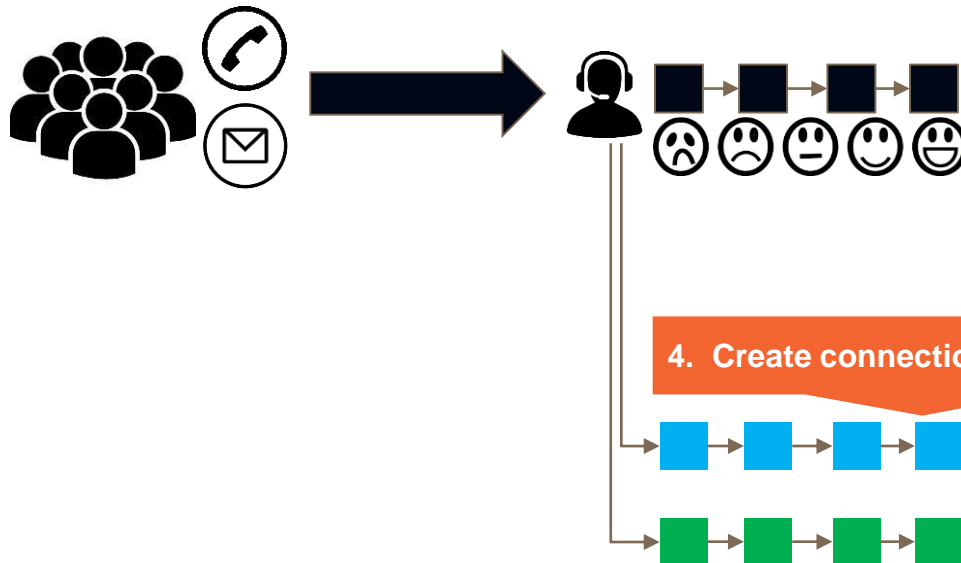


What are the Client

- High points
- Low points

in your Procurement process?

Approach



Once your client has a contract in place, what are the next needs that they have?

Common Process Issues in Procurement Work

- Seasonal overload
- Process designed for “best” clients – but many clients are infrequent users
- Clients fail to fill out documents/forms correctly (procurement form, security) – forms designed to fail
- Documents: SOW, Evaluation Criteria, RFP – Too many edits, takes too long and too much effort to get to final version
- Administration & Security involved too late in process
- Process invisible = not managed or improved

Overproduction

When

- The work is started too early
- Too much work passed to next step
- Too much work is taken on



A grayscale photograph of a woman with long dark hair, wearing a striped sweater, sitting at a desk. She is talking on a mobile phone held to her ear with her left hand, while her right hand is on the keyboard of a laptop. The laptop screen shows a document with text and images. On the desk, there is also a spiral notebook, a calculator, and another smartphone. In the background, there are vertical blinds covering a window. The overall scene illustrates multitasking in a professional or home office setting.

**Too much
work is
taken on...**

When we “multi-task*”, we get less done.

*actually, “switch-task”

Time Yourself

Scenario 1 (**Focus-Tasking**)

1. Write:

Multitasking eats time

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20

2. Note how long that took.

Time Yourself

Scenario 2 (**Context Switching**)

1. Write one letter, then one number, one letter, one number, etc:

Multitasking eats time

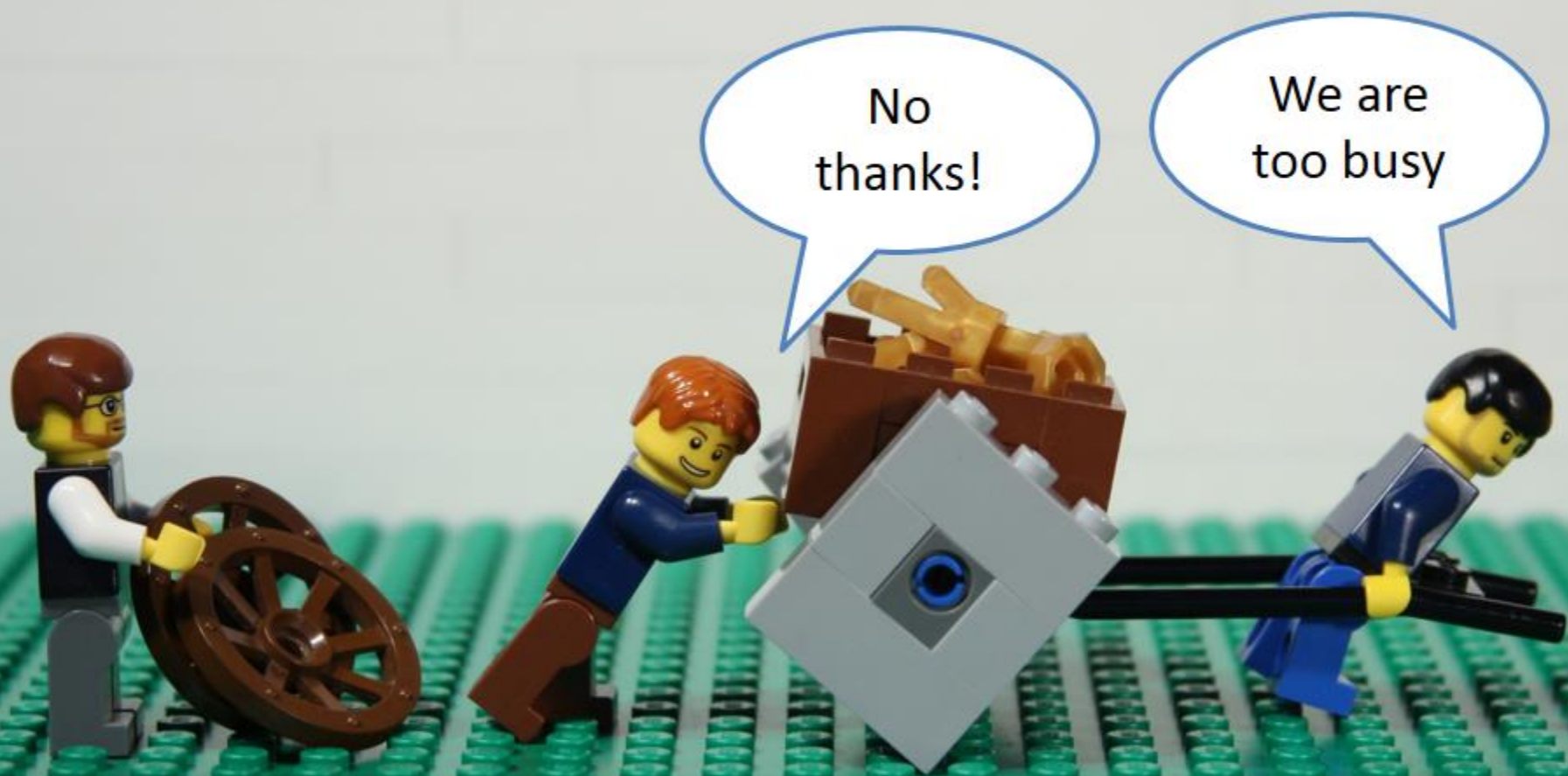
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20

2. Write down how long that took.

Cost of Context Switching

| # simultaneous projects | % of time available for each project | % time lost to context switching | Hours per week lost (per person) |
|-------------------------|--------------------------------------|----------------------------------|----------------------------------|
| 1 | 100% | 0% | 0 hours |
| 2 | 40% | 20% | 6 hours |
| 3 | 20% | 40% | 12 hours |
| 4 | 10% | 60% | 18 hours |
| 5 | 5% | 75% | 22.5 hours |

Are you too busy to improve?



Håkan Forss @hakanforss <http://hakanforss.wordpress.com>

This illustration is inspired by and in part derived from the work by Scott Simmerman, "The Square Wheels Guy" <http://www.performancemanagementcompany.com/>



I said my name was Marc with a "c"...

TO DO

DOING

DONE

BIG

SMALL



Error Proofing



Visual warning



Predictive

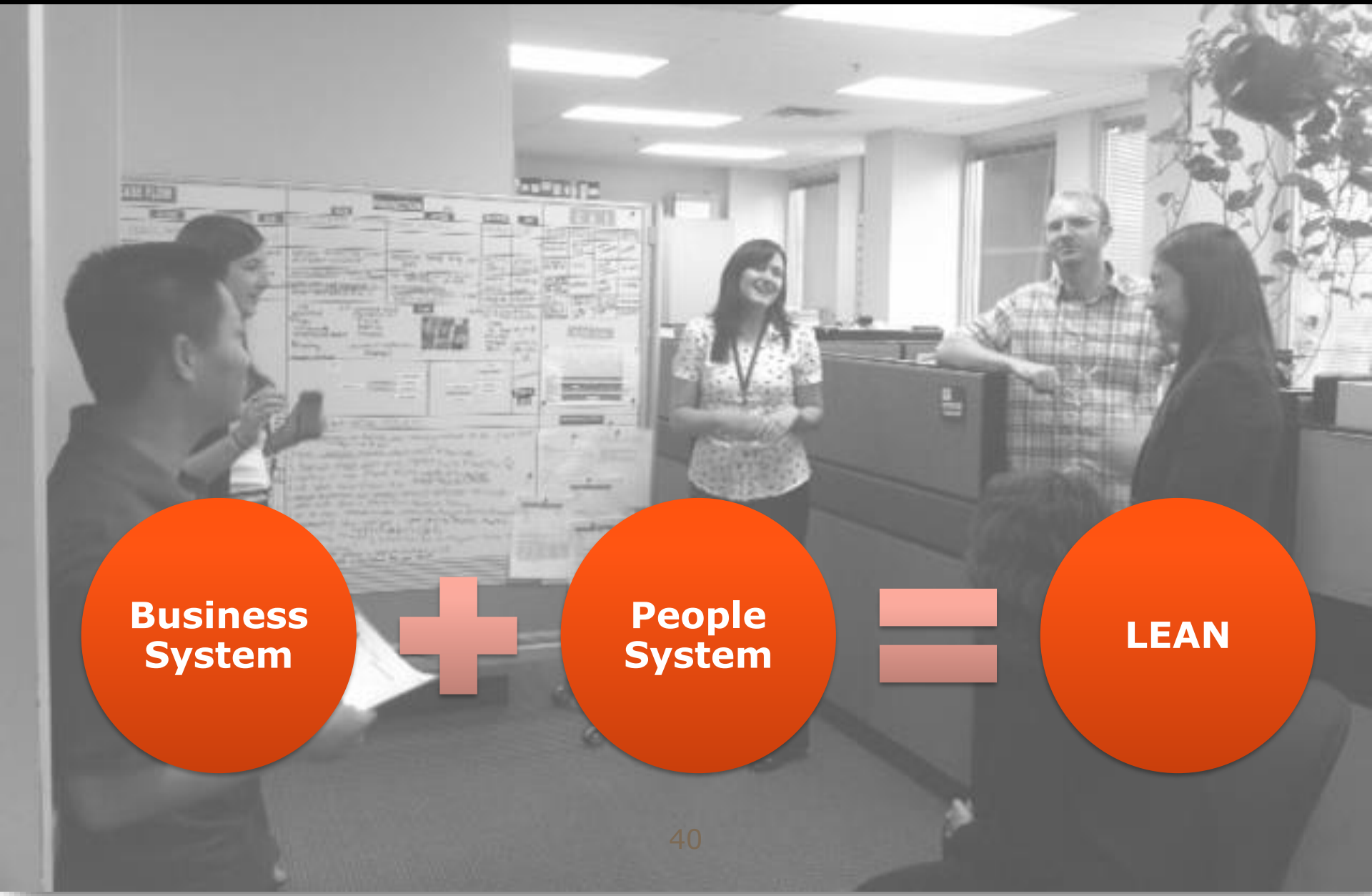


Preventive

Visual Management



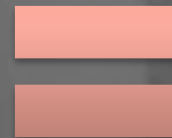
Sustaining: “Stand-Up” Meetings



**Business
System**

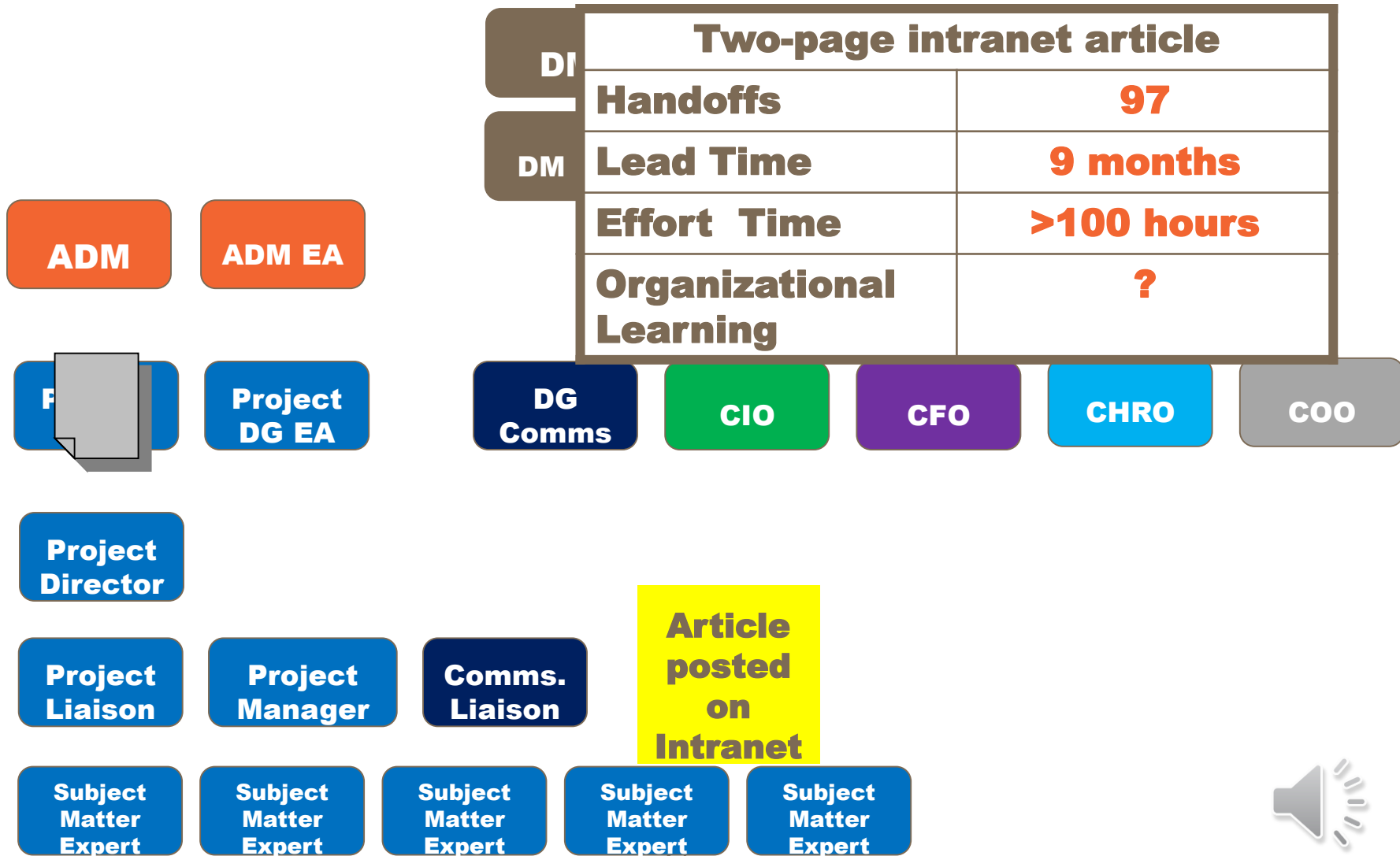


**People
System**



LEAN

Creation of **Fall** project update (intranet article)



Applying Lean to a **document creation / review process**

BOOKS

Alice Munro Wins Nobel Prize

By JULIE BOSMAN **OCT. 10, 2013**

CBCnews | Arts & Entertainment

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Photo Galleries

Alice Munro honoured with Royal Canadian Mint coin

Unveiling held at Greater Victoria Public Library

CBC News Posted: **Mar 24, 2014 1:05 PM ET** | Last Updated: Mar 24, 2014 2:12 PM ET

Creation and Approval of a submission to Minister for a new collector coin design:

12 months → 6 months → **90 days**

Minister's Office Turnaround time:

60-90 days → **4-5 days**

Typical Challenges

A black and white photograph of three people in a meeting room. They are standing in front of a large wall covered in sticky notes and diagrams. The room has large windows on the left side, offering a view of a city skyline. The people are silhouetted against the bright light from the windows. The man on the right is pointing at a sticky note on the wall. The woman in the middle is also pointing at a sticky note. The woman on the left is looking at the wall. The wall is covered in many sticky notes, some of which have handwritten text and arrows. There are also some diagrams drawn on the wall. The overall atmosphere is one of collaborative work and problem-solving.

**10% technical
90% human**

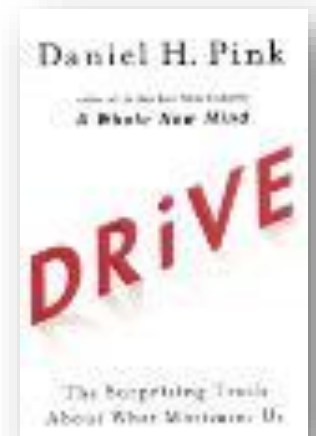
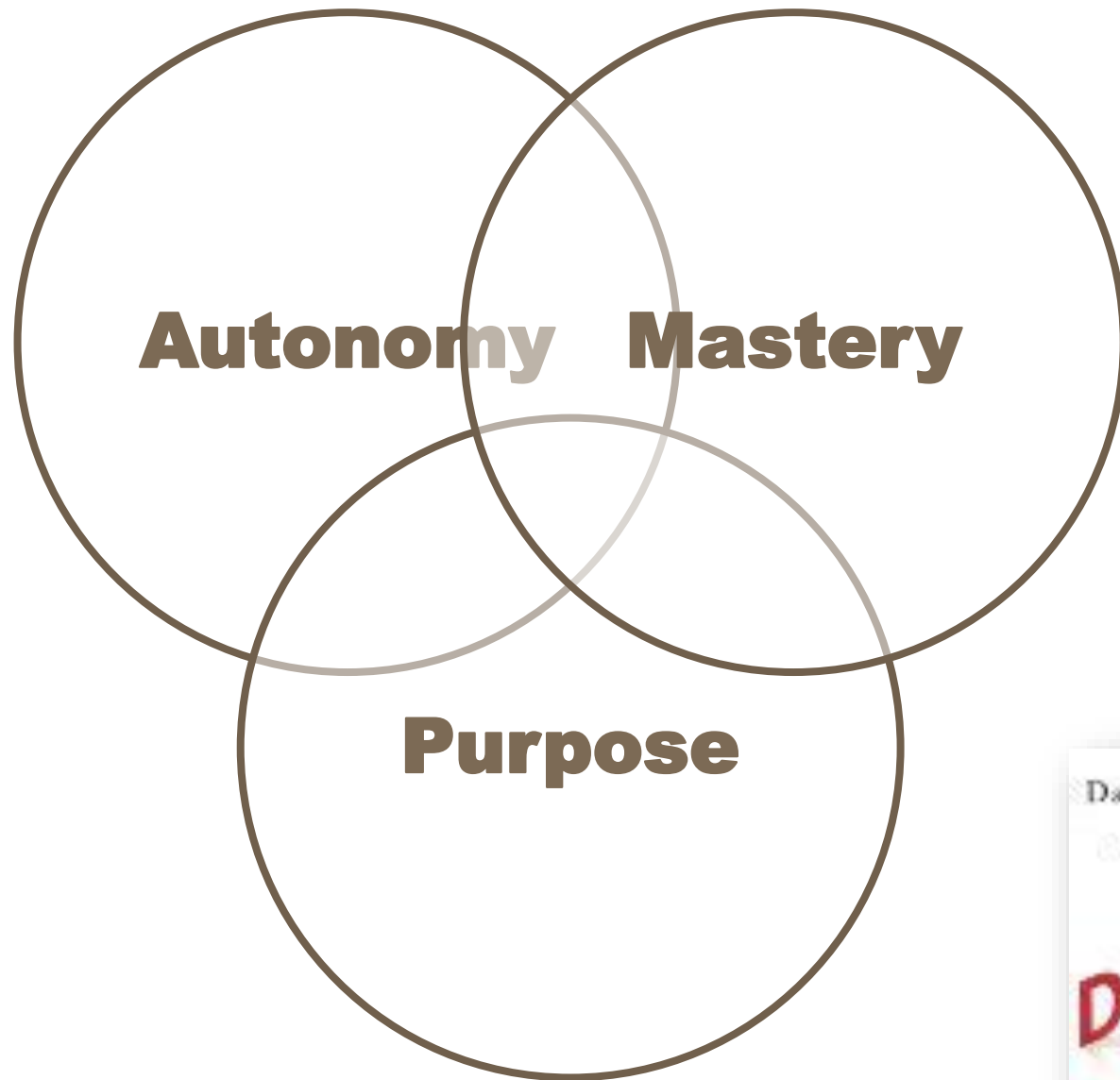
Job Security

"That's all nice, but are you going to use these increased efficiencies to cut more jobs?"

- *No*

The Lean Answer:

- We have already made the cuts that were required.
- Now we have to find ways of doing more with less, without making people work harder.
- We want to help you find ways of making your work less frustrating and to deliver more mandate, better, not to cut jobs.
- None of us can know the future, but instead of having someone else do it for you, this is your opportunity to help shape our future. Here's what we want to do with potential newfound capacity.....



Summary

1. Not a “project” – a business approach and tools, create habits
2. Applies equally to your client’s work as well as Procurement work
3. Makes Procurement specialists more effective and delivers better results to clients

Lean Six Sigma Training and consulting tailored for Procurement

Sign up for our free community of practice emails at
info@leanagility.com

Thank You!

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