
Lean for Procurement

Overview

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LEAN

less inventory
NOT
less people

The Challenge

With fewer 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 

Waiting time for a hearing: two years → four months.

Canada 

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



FedEx

What is Lean?

- **A way of thinking + habits leading to speed, flow and efficiency**
- **Find ways to stop doing things that are not necessary in the eyes of your Client/end user/key stakeholders.**
- **Apply this “found” capacity to higher value added activities, creating speed and quality without working harder or adding resources.**



**Processes
that flow;
constantly
makes
problems
visible**

**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**

clarifications

**last-in,
first-out**

**unnecessary
steps**

**too many
handoffs**

waiting

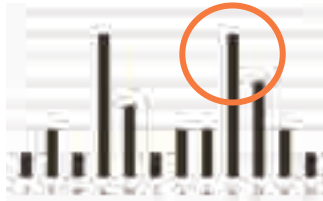
waiting

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



Eight “Wastes”

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



Waiting

When the work flow is stopped to wait for...



Not fully utilizing people

When people are not used to their full potential



Transport

When material and information travels further than necessary



Inventory

When work piles up
and stops flowing.



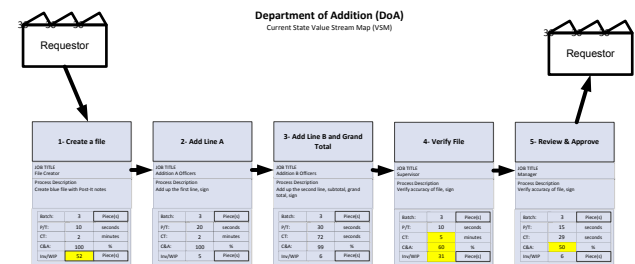
Motion

People move more than required to do their work



Excessive Processing

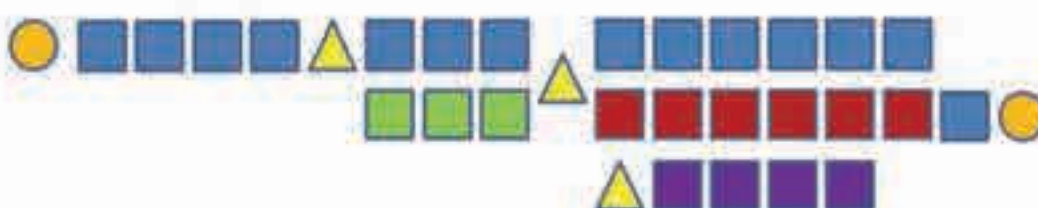
When the work is processed more than required.



Perceived Process



Actual Process



Tools: Value Stream Mapping



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 woman with long dark hair is sitting at a desk in an office. She is wearing a grey and white striped sweater. She is talking on a mobile phone held to her left ear with her right hand. Her left hand is on the keyboard of a laptop. The laptop screen shows a web application with a grid of items. There is another laptop to her right, which is partially visible. In the background, there are vertical blinds covering a window.

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

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

*actually, “switch-task”

Time Yourself



0:00.0

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



0:00.0

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.

TO DO

DOING

DONE

BIG

SMALL

"Poka Yoke" – Error Proofing



Visual warning



Predictive

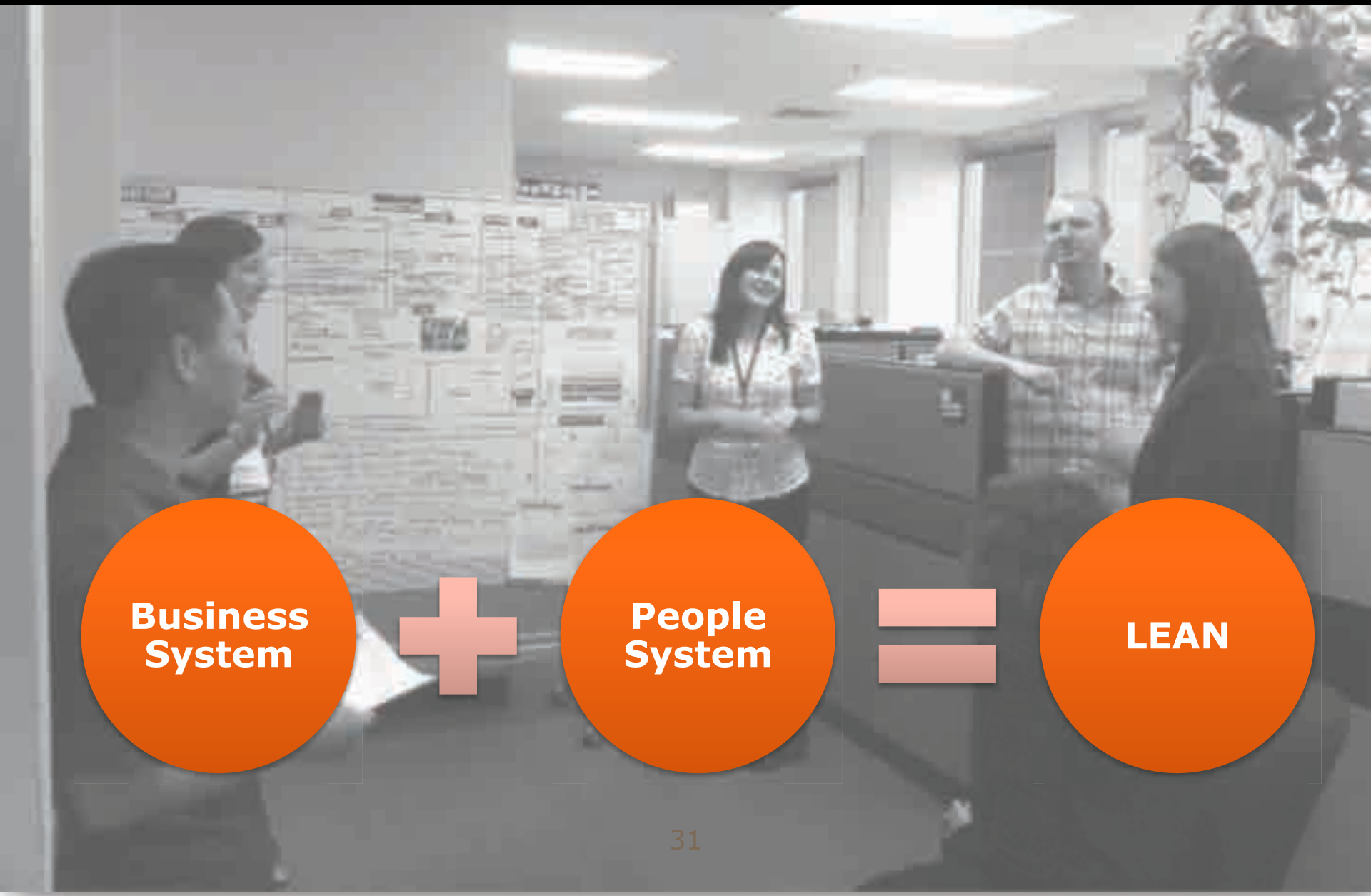


Preventive

Visual Management



Sustaining: “Stand-Up” Meetings



**Business
System**

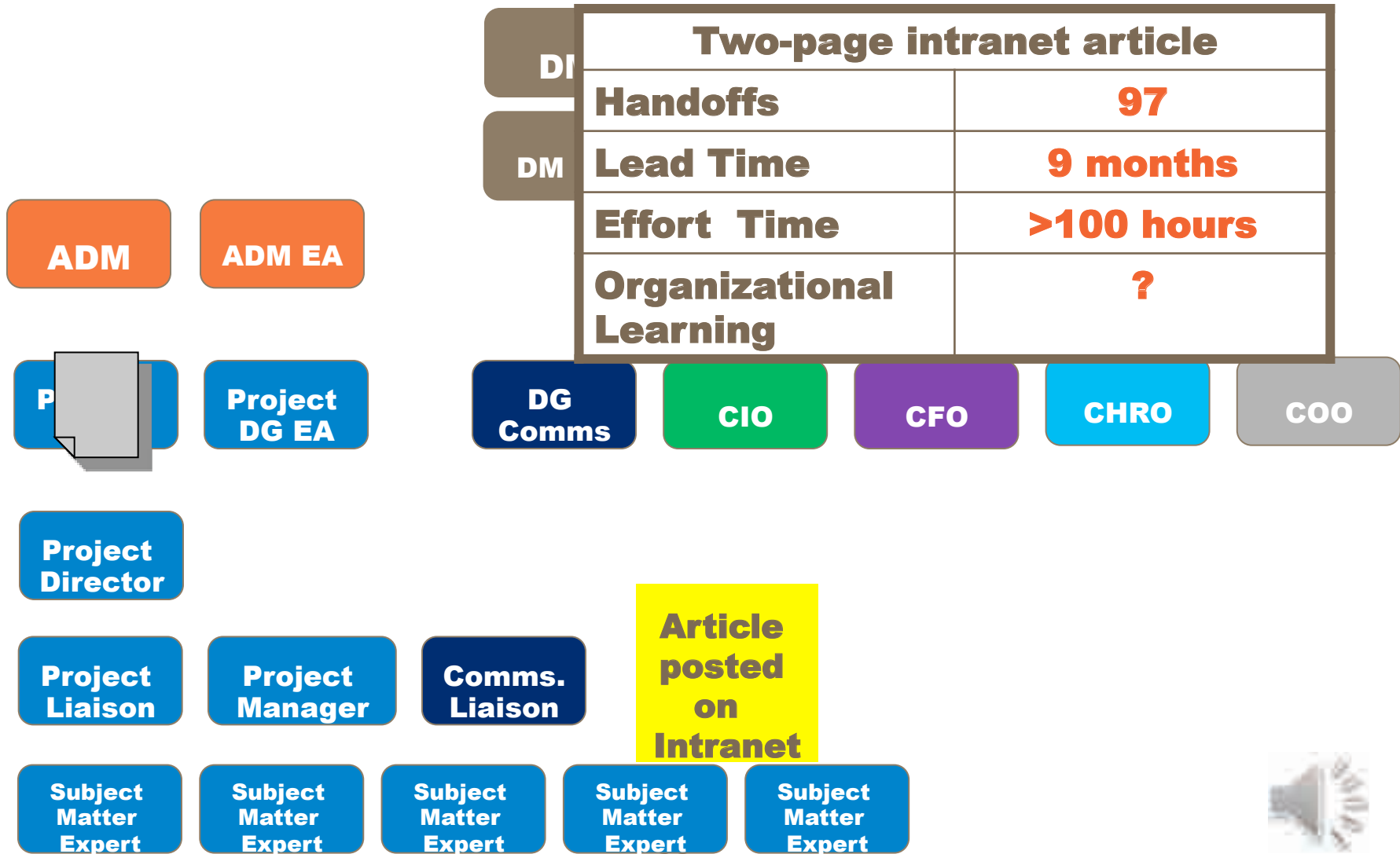


**People
System**



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

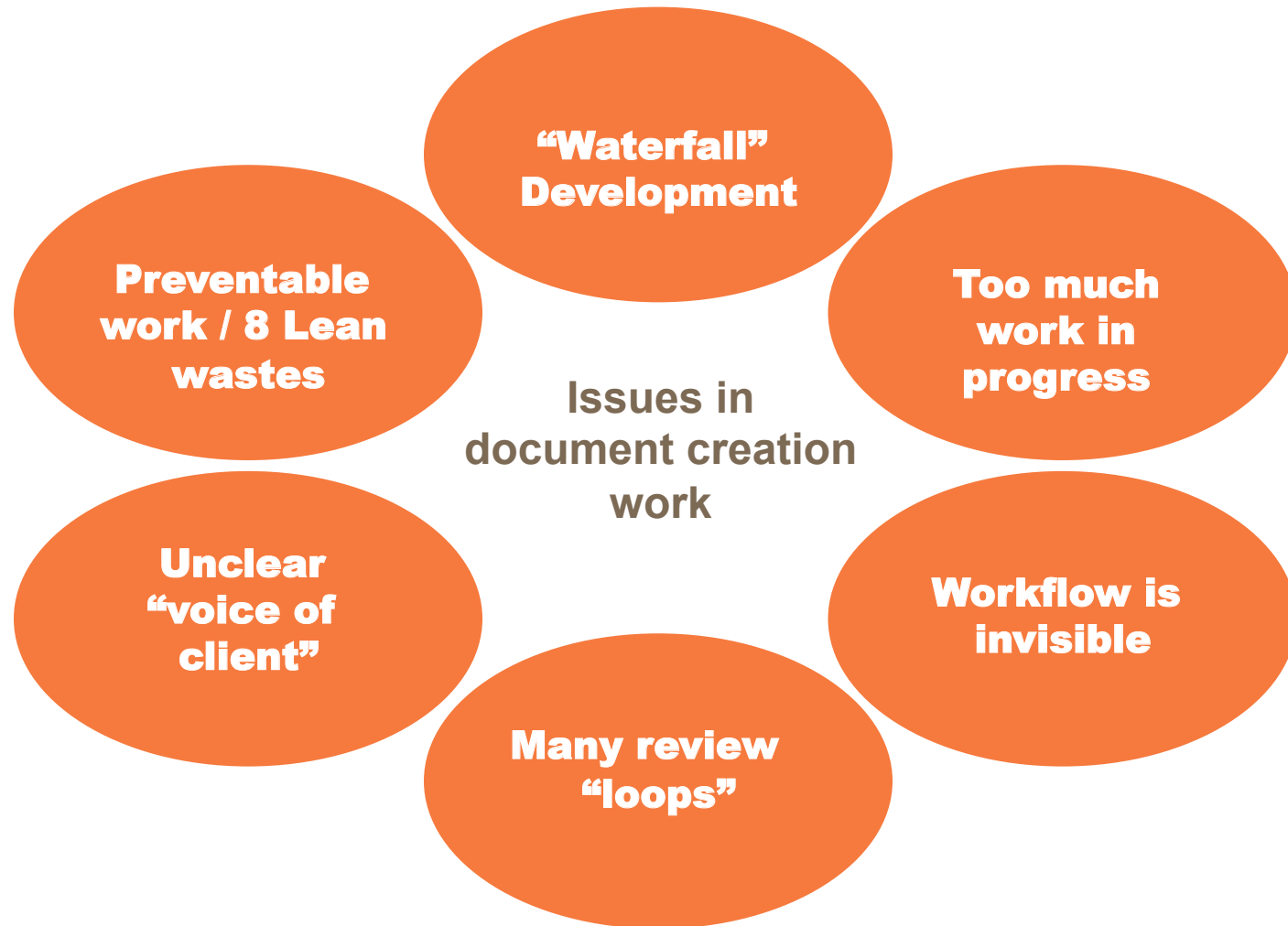
CBC News Posted: Mar 24, 2014 1:05 PM ET | Last Updated: Mar 24, 2014 2:12 PM ET

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 showing the silhouettes of three people in a meeting room. They are standing in front of a large wall covered with many sticky notes, likely participating in a brainstorming session. The room has large windows in the background, and the overall atmosphere is professional and collaborative.

**10% technical
90% human**

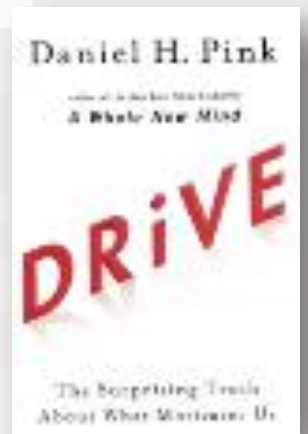
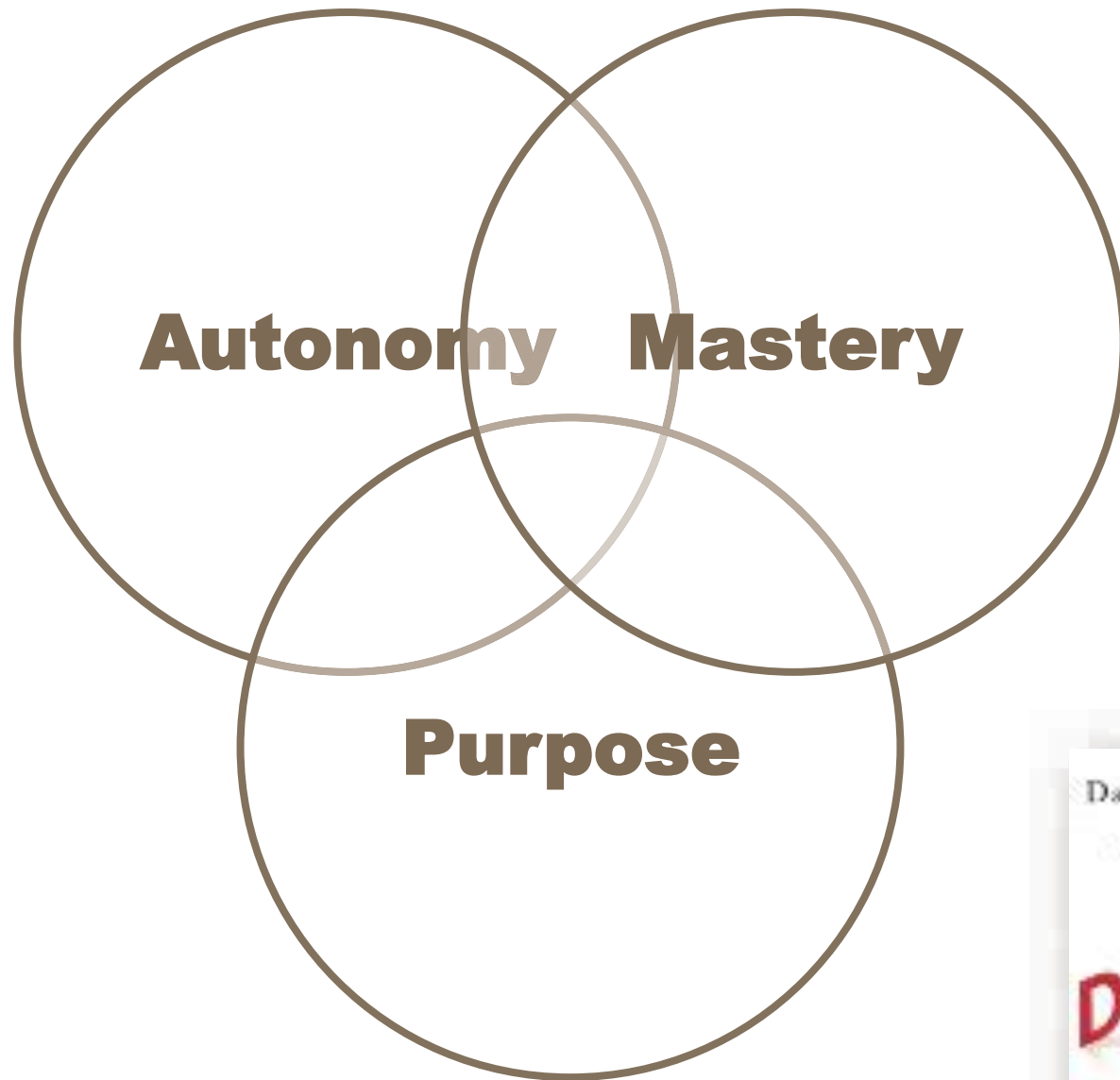
Job Security

"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 Procurement Yellow Belt Certificate program. Ottawa July 5-6, 2016

Thank You!

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