
Lean for Procurement Overview

CIPMM June 6, 2017

craig@leanagility.com
613.266.4653

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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.

CHRIS IRWIN

Manager, Organizational Change Management
RUSMP - MTO

94 days ➡ 5 days

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**

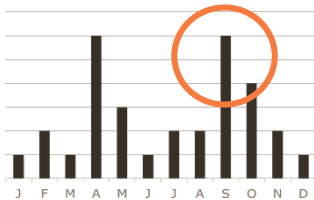
**too many
handoffs**

waiting
waiting
waiting



How Backlogs Develop

1. Increase in volume of work



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

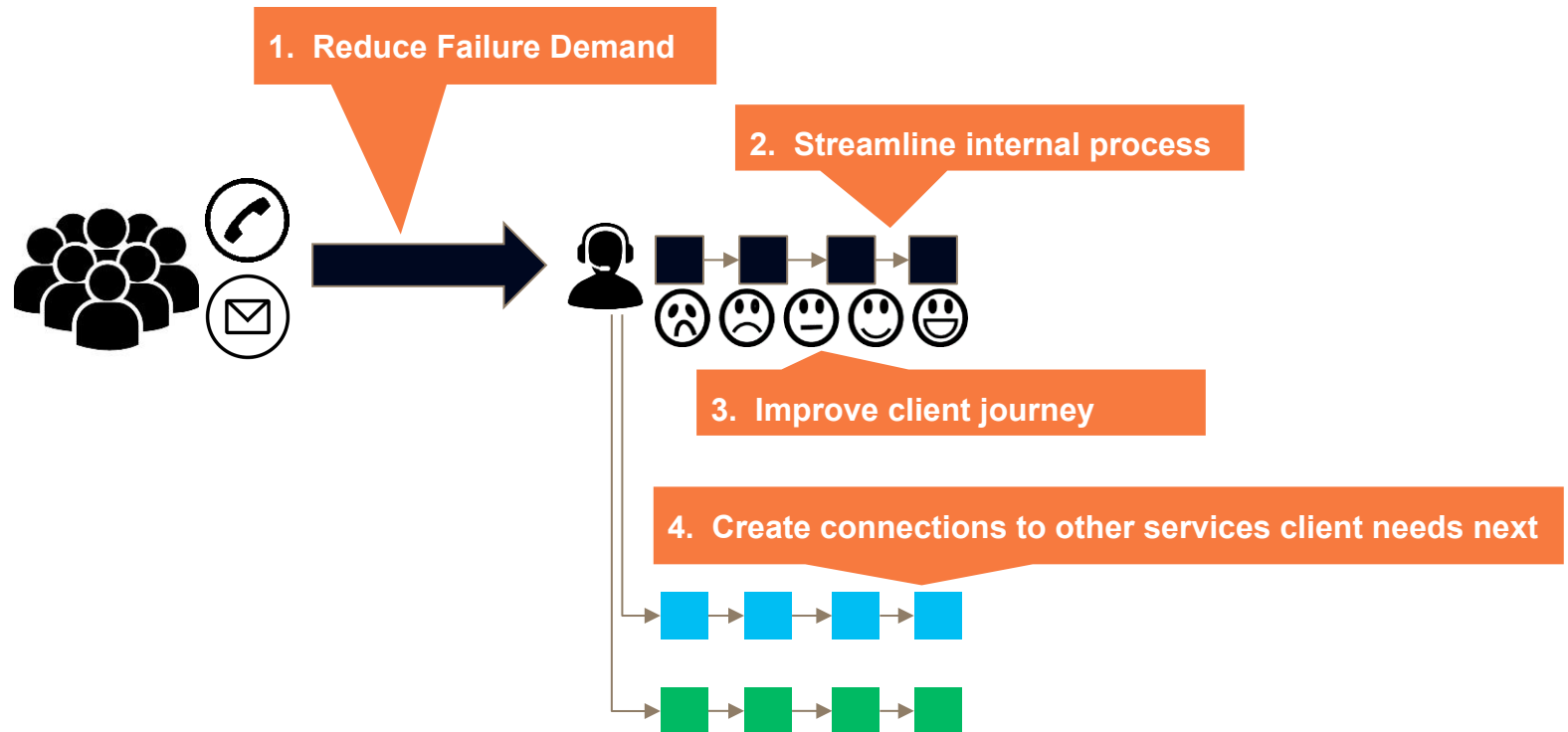


repeat Steps 2-5, fall further behind

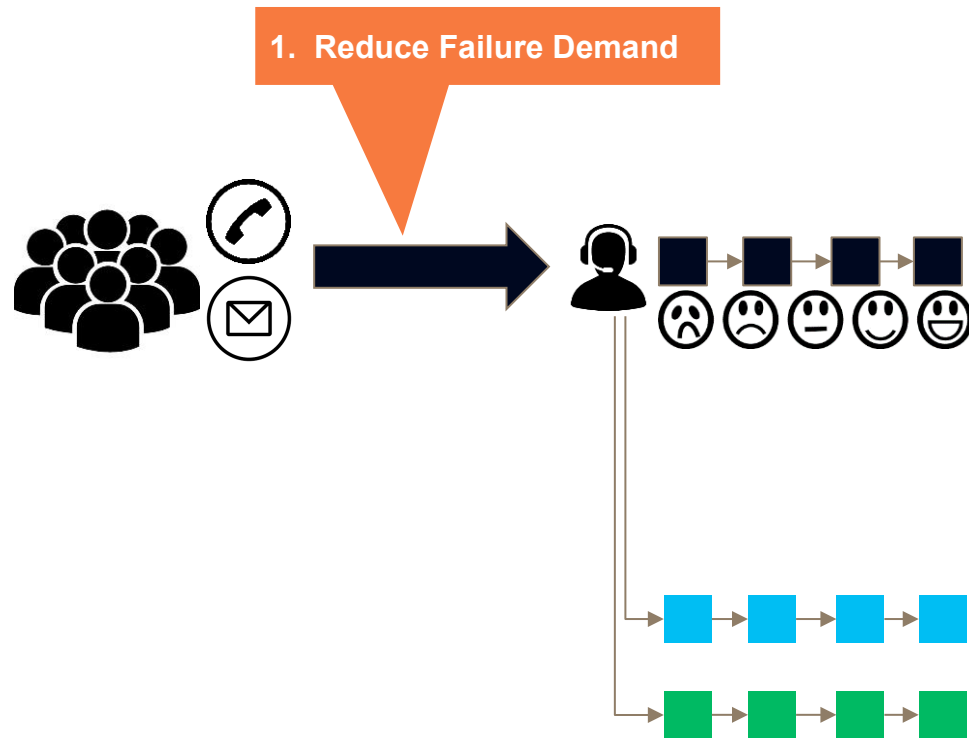


Transforming Procurement

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.

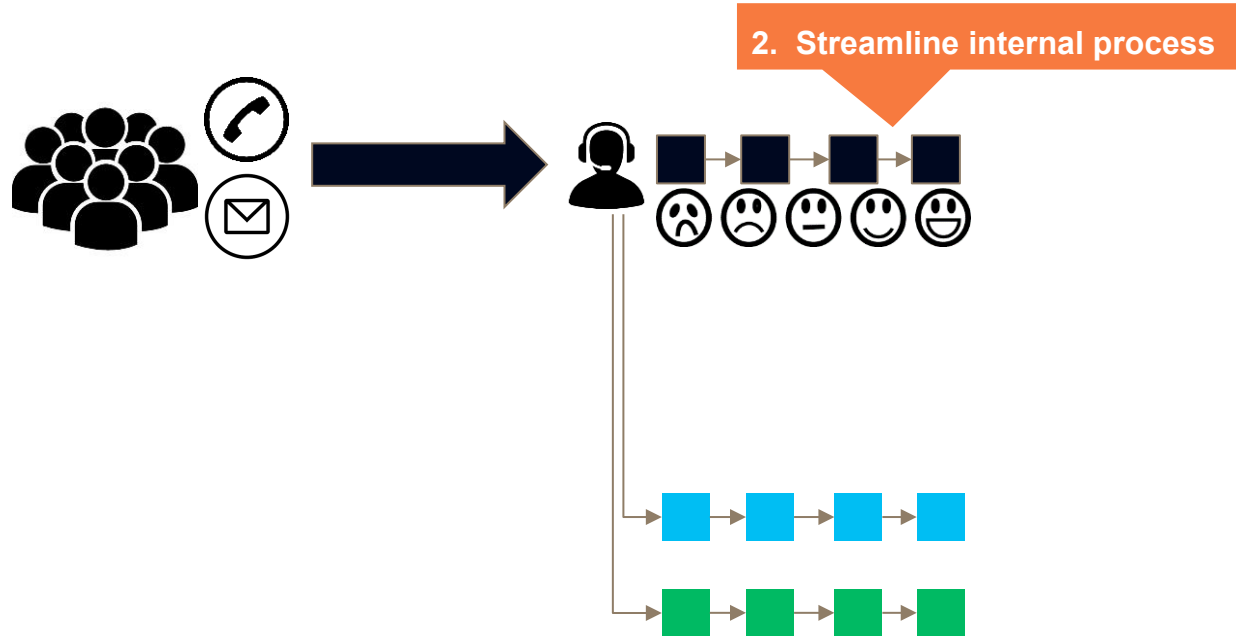
Eg:

- 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

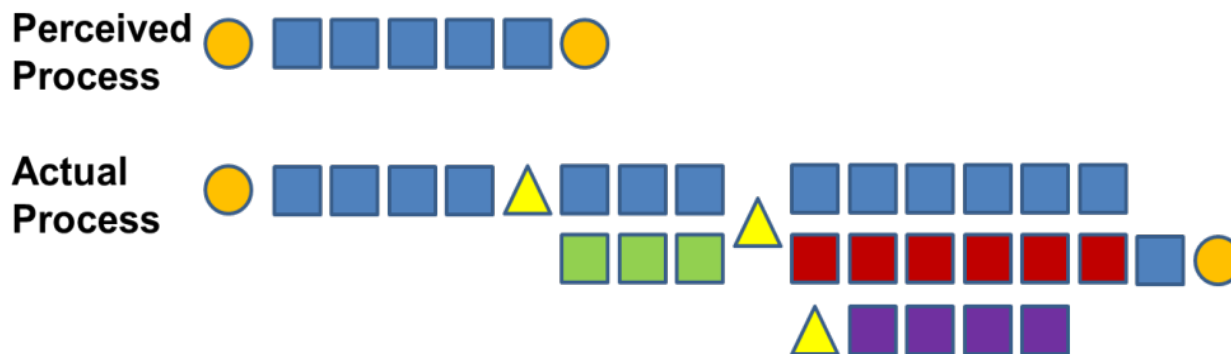
When

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



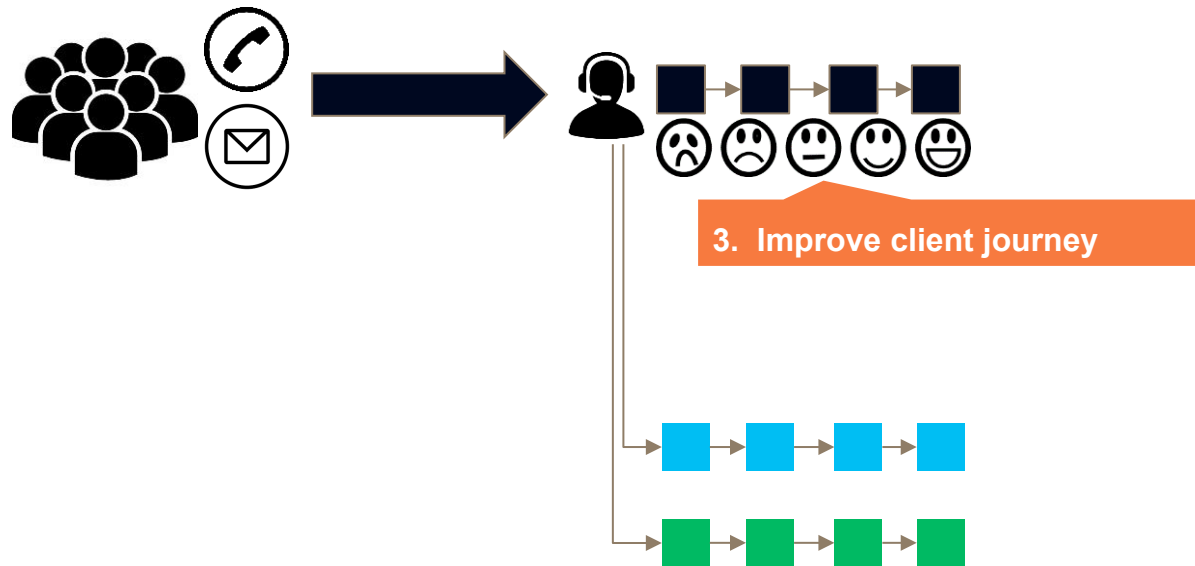
Excessive Processing

When the work is processed more than required.



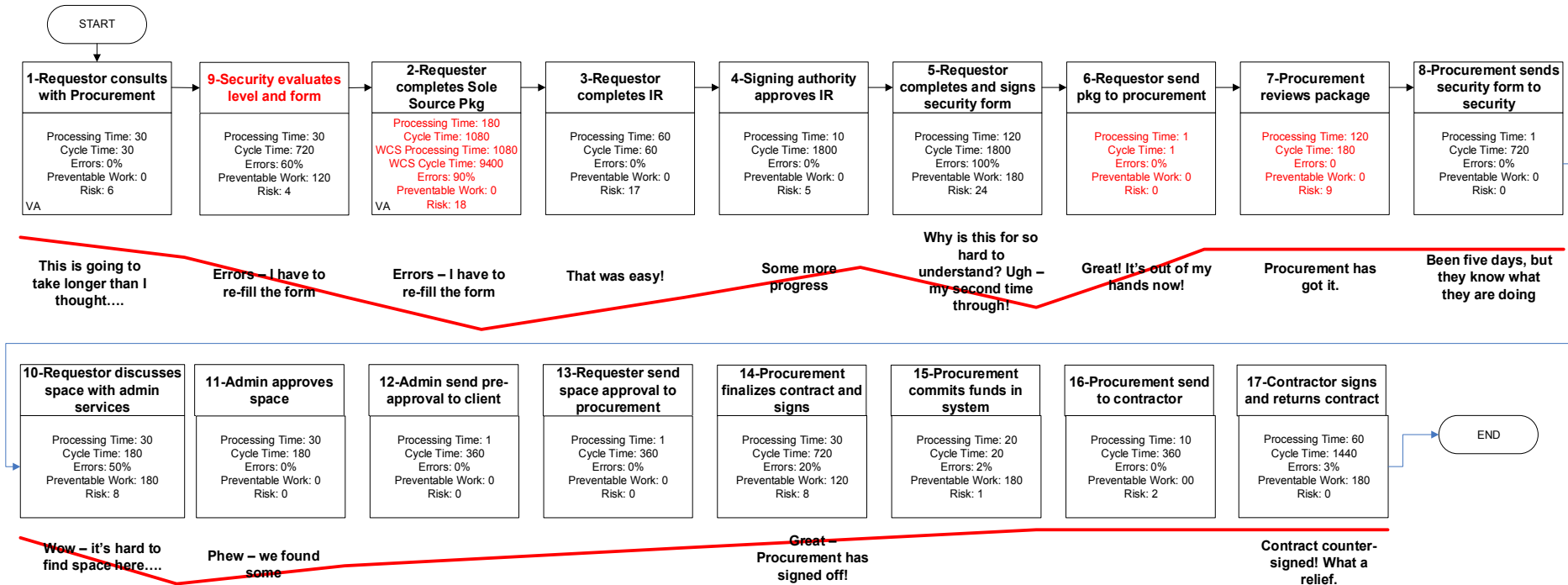
What specific types of
Preventable Work do you
experience in Procurement?

Approach



Value Stream and Client Experience Map

Sole Source Contracting <\$25K

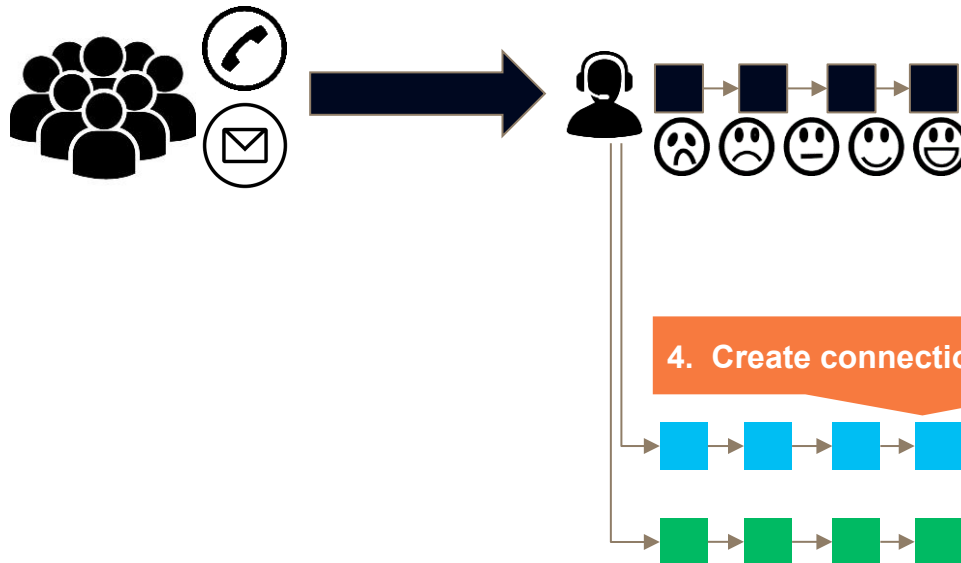


What are the Client

- 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 typing on a laptop keyboard. On the desk, there is a laptop, a notebook, a calculator, and another mobile phone. 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

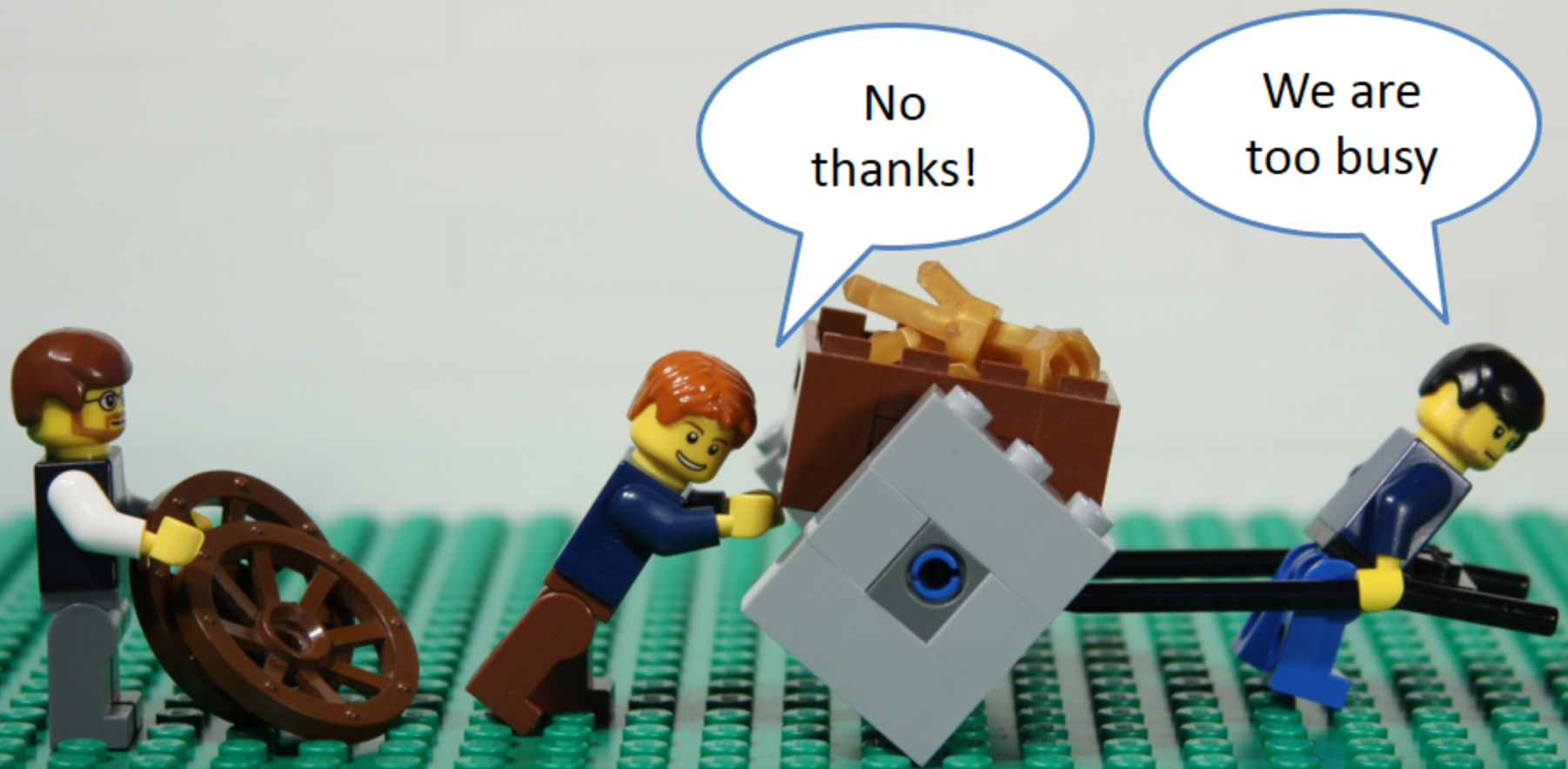
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20

2. Write down how long that took.

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/>



TO DO

DOING

DONE

BIG

SMALL

Handwritten notes on sticky paper in the TO DO column.

Two sticky notes in the BIG section of the DOING column, each enclosed in a red hand-drawn box.

Three sticky notes in the SMALL section of the DOING column, each enclosed in a red hand-drawn box.

A large collection of handwritten sticky notes in the DONE column, organized in a grid-like fashion.



Error Proofing



Visual warning



Predictive

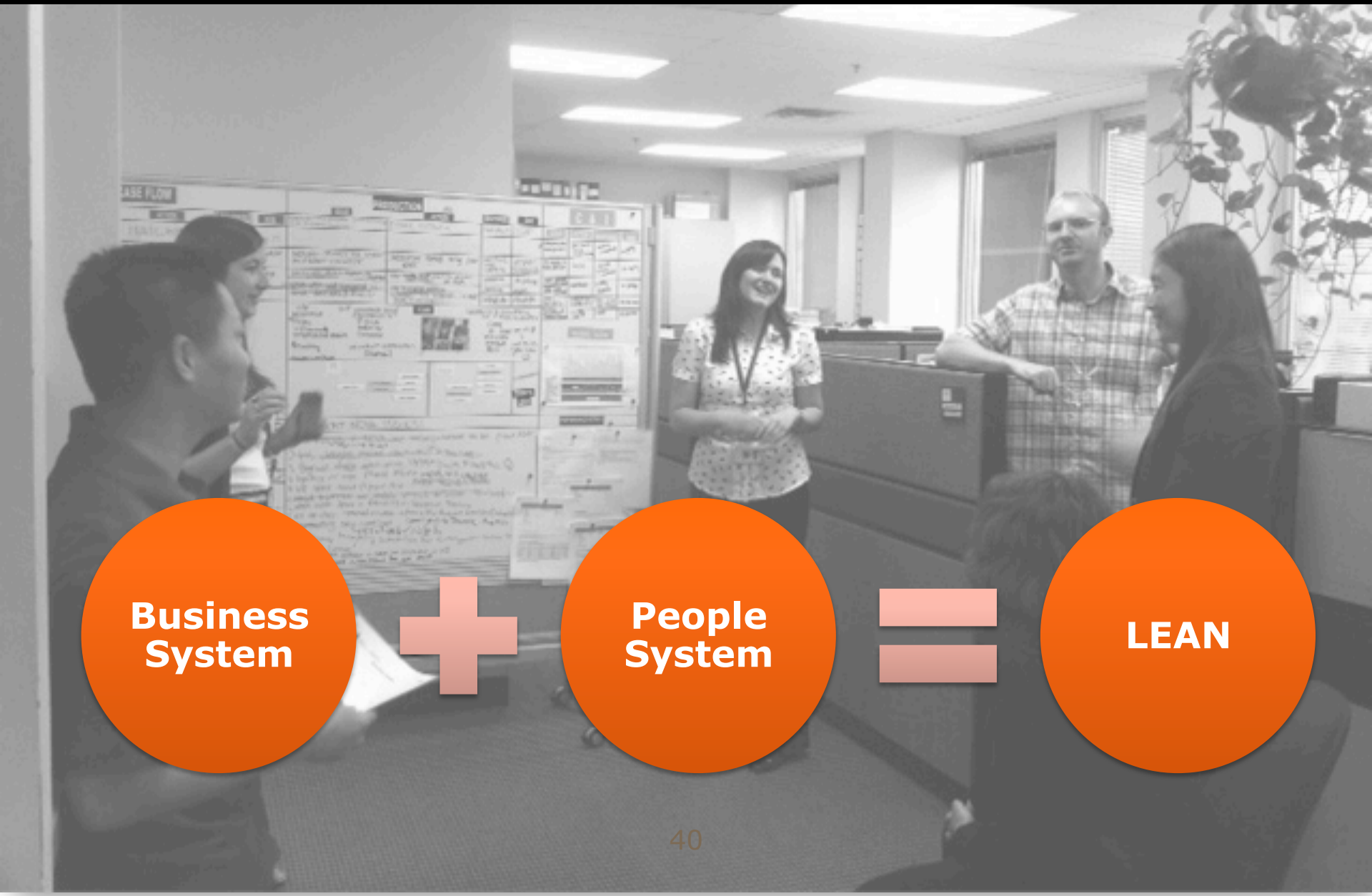


Preventive

Visual Management



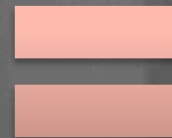
Sustaining: “Stand-Up” Meetings



**Business
System**

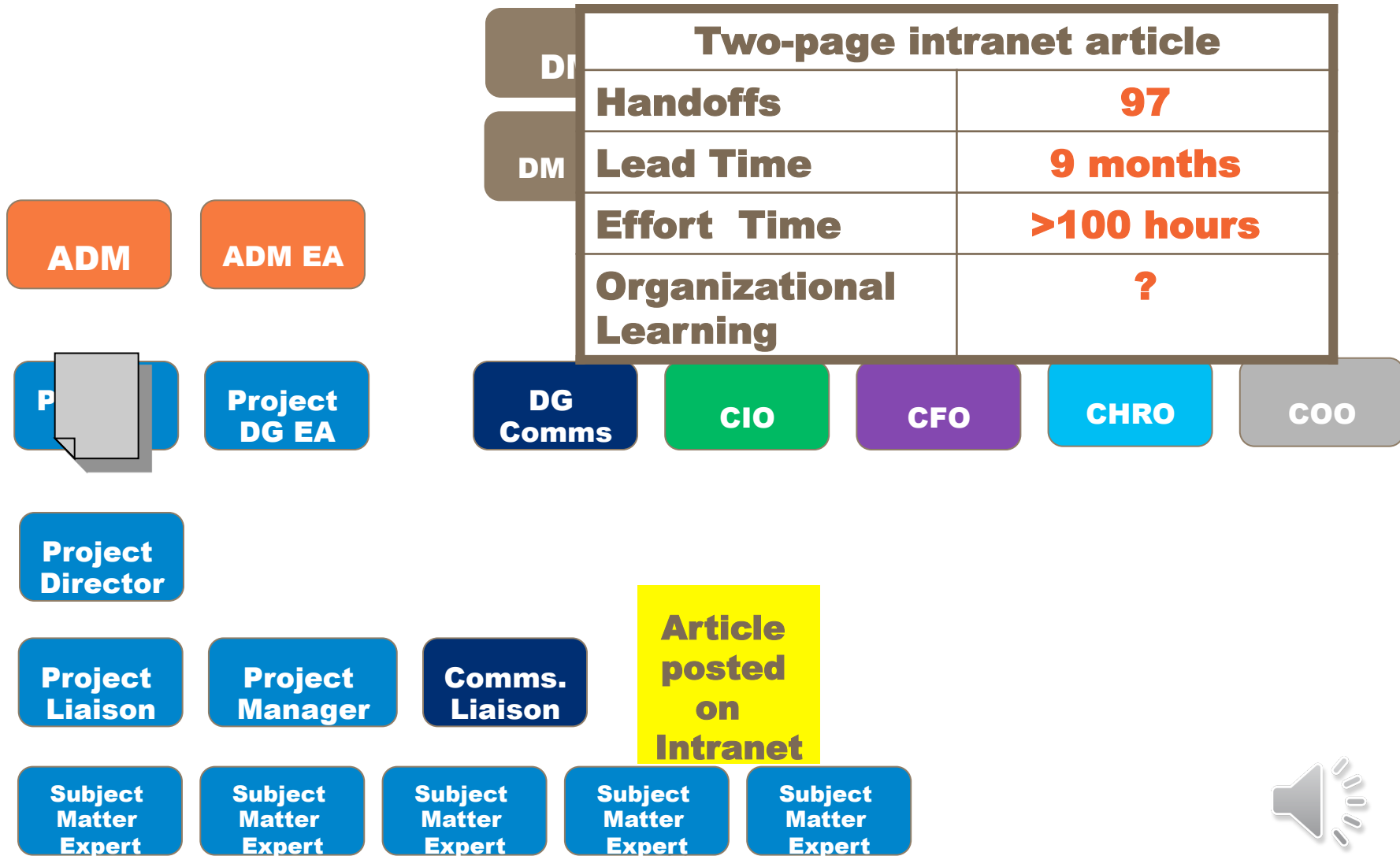


**People
System**



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. A woman on the left is looking at a large whiteboard. Two men on the right are pointing at the board. The whiteboard is covered with many sticky notes and diagrams, including a flowchart on the left and a large diagram on the right. The room has large windows in the background.

**10% technical
90% human**

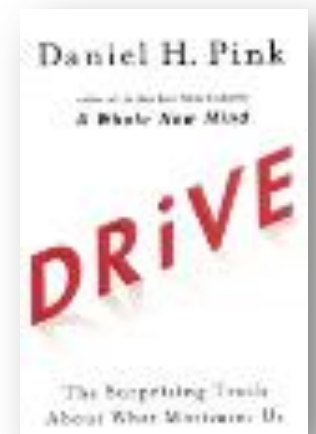
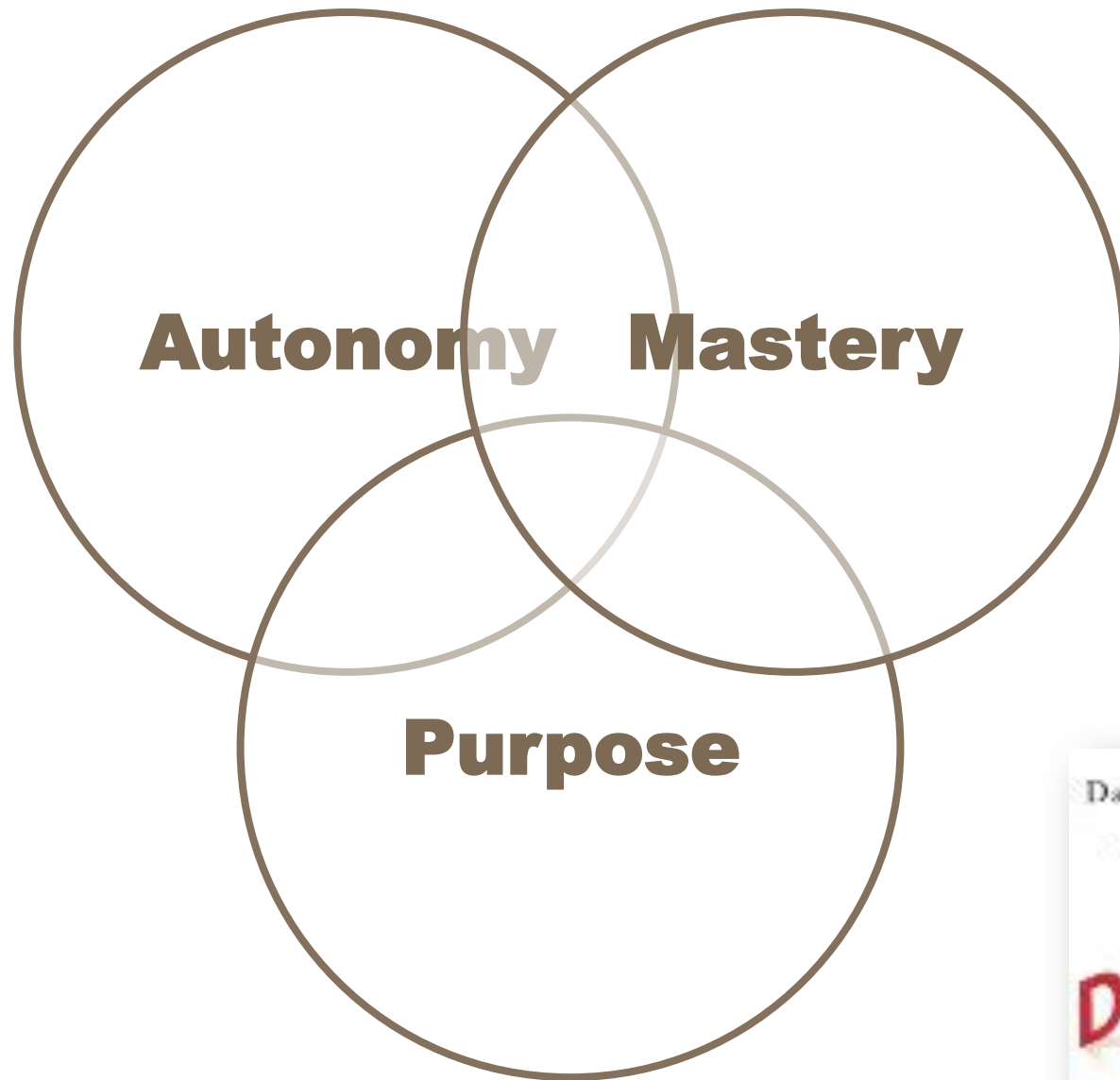
Job Security

"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 National Standing Offer PWGSC EN5789-161617

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

Thank You!

Craig Szelestowski

Craig@leanagility.com

(613) 266 4653