Kaizen: A Lean Engaging Framework

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Agenda

• Presentation Goals.
• What is Lean?
• What are the Benefits?
• Why would we do it?
• What is the Strategy? - Kaizen -
• What is requested from our people?
Goals

• Lean is about **People**
  
  **Leadership** empowers **Employees** to deliver **Value to the Patient**

• **Kaizen** a framework to engage employees

• Lean **Leadership** for a kaizen culture
What is Lean?

Lean Enterprise = Process Excellence

“Lean is having the best process in place right Now”
Lean Enterprise

Process Excellence

Employee Participation

Increased Profits

Customer Satisfaction

- Quality Improvement
- Asset Utilization
- Waste Elimination

- Space Utilization
- Cash Generation
- Rapid Response

- Cost Reduction
- Productivity Improvement
- Design Excellence

- Employee Utilization
- Information Streamlining

- Employee Utilization
- Information Streamlining

- On-Demand Response

- Rapid Response
- Cash Generation

- Design Excellence
- Productivity Improvement

- Asset Utilization
- Waste Elimination

- Quality Improvement

- Lean Enterprise
What is Lean for Healthcare?

It is a process designed to bring about rapid, planned, controlled and measured step-change improvements to the performance of an organization through an overhaul of the value stream.

A comprehensive set of 5 elements, 4 rules and tools that focus on value, the elimination of waste and continuous incremental improvement.

The Most Important Thing to Remember is that Lean is a Thinking Process
5 Elements

Perfection → Value → Value Stream → Pull → Flow
4 Rules

Standard Work
Limit Material/Information Movement
Limit People Movement
Educate Everyone
A Variety of Tools

- Kanban
- Value Stream Mapping
- 6S
- Takt Time
- One Need Flow
- DFEU
- Work Balancing
- Process Mapping
- Level Loading
- Visual Management
- Flow Cells
- Mistake Proofing
- Spaghetti Charts
- Quick Change
- 5 Why
Benefits of a Lean Enterprise

- Service level improvement
- Cash generation
- Greater asset utilization
- Quality improvement
- Increased employee participation
- Productivity improvement
- Profitability improvement
Virginia Mason Benefits

- **Inventory Dollars** $1,350,000 Down 53%
- **Productivity FTEs** 158 36% (redeployed to other open positions)
- **Floor Space Sq. Ft.** 22,324 Down 41%
- **Lead Time Hours** 23,082 Down 65%
- **People Distance Feet** Traveled 267,793 Down 44%
- **Product Distance Feet** Traveled 272,262 Down 72%
- **Setup Time Hours** 7,744 Down 82%

Source: Virginia Mason Medical Center based on 175 Rapid Improvement Events
ThedaCare Benefits

• $3.3 million in savings in 2004.
• Saved $154,000 in the Catheterization Lab supply procurement processes.
• In 2004, reduced accounts receivable from 56 to 44 days equating to about $12 million in cash flow.
• Redeployed staff in several areas saving the equivalent of 33 FTE’s.
• Improved ThedaCare Physicians phone triage times by 35%, reducing hold time from 89 to 58 seconds.
• Reduced ThedaCare Physicians phone triage abandonment rates by 48% (from 11.6% to 6.0%).
• Reduced by 50% the time it takes to complete clinical paperwork on admission.
• Appleton Medical Center Med/Surg decreased medication distribution time from 15 minute/medication pass (the amount of time it takes to pass one medication to one patient) to 8 minute/medication pass impacting 4.1 FTEs of staff time.
Lean is there to help you achieve the vision for your organization.

It supports the strategy that evolves from the vision.

“You can spend your life reacting to circumstances... or you can spend it acting on your vision.” Brian Furlong
Why Should We Do It?

To Eliminate Waste Which Typically Consumes 30% - 40% of $\$$ Revenue.

That’s a Big “Hidden Opportunity”!!
Waste

“Waste is any activity (or inactivity) which absorbs resources but creates no VALUE”

James Womack, Daniel Jones, Lean Thinking – Published by Simon and Schuster.
UNDERUTILIZED RESOURCES
Any Failure to fully utilize the time & talents of people

OVERPRODUCING
Generating more than the patient or customer needs

TRANSPORTING
Movement of anything that does not create value

MOTION
Searching, filing, sorting, walking, bending, stretching, etc.

Customers pay for waste with MONEY and TIME.

INFORMATION (INVENTORY)
Excess information or supplies of any kind

REWORK AND DEFECTS
Defects, rework or errors of any kind

PROCESSING
Steps that the patient or customer does not care about

WAITING
Idle time when equipment, people or information needed is unavailable
What is the Strategy?

Continuous Improvement Through Kaizen to Achieve Customer Loyalty and Grow the Business.
A Kaizen is a... Rapid Improvement Event
A Kaizen is a *cross-functional* group of people who study a process, identify all possible types of waste, then change the process to eliminate as much waste as possible.

When done, they restudy the area to verify that improvements were achieved.
Kaizen

- Kaizen surrounds all aspects of the Lean transformation.
- It is the engine that powers the Lean implementation and provides for Continuous Incremental Improvement.
- A four/five day project to review and make changes to a process.
- The cycle followed in performing Kaizen is sometimes referred to as, Plan-Do-Check-Act.
- The goal of Kaizen is to identify and eliminate Waste.
The biggest factor that determines the size of the fish is the size of its environment.

Do we keep our people in a confined environment because we see it as inefficient and wasteful to put them in a larger environment?

OR

Do we provide people with a larger environment because we see it as ineffective and wasteful of their potential to keep them in a confined environment?
Do not follow where the path may lead....

Go instead where there is no path and leave a trail...