



# CUSTOMER adVANTAGE

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Professor Dan Jones

*Lean thinkers know that you can learn much about an organisation by finding a good spot on the shop or office floor (the Gemba) to observe what's happening. From here you can see how management thinks and how the work is organised. The shop floor is actually a reflection of management.*

Everyone should spend time observing at an equally important place: the point where the end customer buys or uses the product or service. If your product is a hospital emergency room, it may be the triage desk, or maybe a call centre handling telecom breakdowns. In essence, the supply chain reflects the end customer interface.

Much time was spent studying these situations. Unfortunately most manufacturing folks don't get to see beyond the shipping dock, because what happens downstream isn't their responsibility. Likewise, those at the customer interface spend little time thinking about the supply chain feeding them.

## 'Mura feeds on Mura'

In our experience, efforts to spread lean beyond the factory and across the supply chain can't realise their full potential unless they start by working back from the end user or customer. Developing suppliers upstream from manufacturing is only half the story. The initial Mura (variation not caused by the customer) is created at the customer interface. This causes much Muri (overburden) that in turn causes all the Muda (waste) throughout the supply chain.

### Upstream buffering

Mura feeds on Mura all the way upstream (triggering the well-known Forrester effect). Unless the root causes of Mura are addressed, the supply chain will be much longer, less responsive, more expensive and less able to deliver the right products on time. Buffering against Mura upstream helps considerably, but is only a sub-optimal solution.

We discovered that you can only address the root causes of Mura passed upstream by collaborating with those who deal directly with the end customer. Good news is that this actually opens up a

powerful win-win-win (win-win?) opportunity to serve customers better while improving the efficiency and profitability of each supply chain participant.

Value stream managers should begin their work by thinking back from the customer, understanding the root causes of Mura and working out the win-win-win opportunities of working together with customers and retailers, distributors or service providers. There's as much potential for lean dealer/distributor development as there is for lean supplier development upstream.

### Structured planning

The new *Creating Lean Dealers* workbook by Dave Brunt and John Kiff points out that once you start measuring real customer fulfilment, it's astonishing how few cars are serviced and repaired right-first-time-on time – typically between 30 to 70%. This service level is common across industries if you could but see it.

However, as almost no attempt is made to diagnose the work until the customer turns up, it's not surprising that they then have to stock many parts, scramble to find the necessary parts, can't plan the time required to do the work and can't streamline work flow through the workshop. An unreliable and infrequent parts supply system adds to the headache.

Turn this around by developing a structured customer dialogue a few days ahead of arrival to pre-diagnose the work. This changes unpredictable into predictable work for which parts can be pre-ordered and the time to do the work planned accurately. Thus it's possible to segment work types, standardise the sequence and flow cars through the workshop, doubling staff productivity.

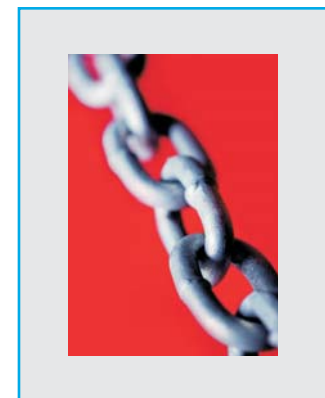
Thus parts kits for each job can be ordered as needed rather than holding parts in stock. And with this signal of true demand, cost-effective rapid replenishment loops can be created back upstream all the way to the manufacturer with minimum Mura. The end

result is 90% plus customer fulfilment, doubled workshop productivity and levelled orders, making it possible to produce and ship in line with demand.

This same logic can transform all other dealership activities - from new and used car sales to body shops and customer account management. It will be a wake-up call to the auto industry still wedded to customer satisfaction scores and in denial about how poorly their sales and service processes actually perform. But it also has some practical lessons for many other activities - from sales and service of equipment and infrastructure to managing diagnostic and treatment processes in healthcare.

If we're serious about redesigning end-to-end value streams to create more value for customers using less resources and generating higher profits, we all need to find our own vantage point at the customer interface.

For more information visit [www.leanuk.org](http://www.leanuk.org)



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