3 What Are Value Streams?11 Note: By multiplying quality data from by on-time delivery data you can calculate the "fulfillment level" each facility as perceived by the next downstream customer. The is a key measure from a total value stream perspective. 12 13 ?Typical Results ? 80 – 90% of total steps are waste from standpoint of end customer. ? 99.9% of throughput time is wasted time. ? Demand becomes more and more erratic as it moves upstream, imposing major inventory, capacity, and management costs at every level. 14 ? Quality becomes worse and worse as we move upstream, imposing major costs downstream. ? Most managers and many production associates expend the majority of their efforts on hand-offs, work-arounds, and logistical complexity. 15 The Future State ?Completed in a day with the same team ?Focused on: ? Creating a flexible, reactive system that quickly adapts to changing customer needs ? Eliminating waste ? Creating flow ? Producing on demand 16 ? Activities aligned with our business strategy ? Efforts focused on NET improvements for the company ? Metrics supportive of fundamental change ? Simple, constant communication of our plans and achievements as an enterprise 17 18 Implementing Change Don't Wait! You need a plan! ? Tie it to your business objectives. ? Make a VS Plan: What to do by when. ? Establish an appropriate review frequency. ? Conduct VS Reviews walking the flow 19 Typical Results ?Throughput time falls from 44 days to 6 (87%) ?Wasted steps fall from 65 to 27 (60%) ?Transport distance falls from 5300 miles to 1100 miles ?Demand amplification is reduced from 20% to 5% ?Inventories shrink by 90% percent 20 ?Defects are reduced to the same rate at the start of the process as at the end ?Throughput time shrinks to within customer wait time, meaning all production is to confirmed order 21 Roadblocks ?75 years of bad habits ? Financial focus with limited cost understanding ? A lack of system thinking and incentives ? Metrics supporting a 75 year old model ? Limited customer focus ? Absence of effective operating strategies 22 ?Traditional approaches do not focus on the value stream ? Create "perfect competition" at the next level of supply upstream, by attracting many bidders.Improve bargaining power through scale economies in raw materials buys as well.Demand continuing price reductions in multi-year contracts whatever happens to volume.?How reliable is each transport link (on-time delivery percentage) and how many expediting trips per year are needed??Margin squeezing rather than true cost reduction.??23 ???

Summarized by © lakhasly.com