

# Lean Enterprise: A Strategic Remedy For Today's Healthcare



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This article is an attempt to explain how a Lean Enterprise could be applied to an organization's strategic plan. It is written following a Value Stream Mapping (VSM) project conducted at one of the Lebanese hospitals in the private clinic surgery as a requirement for a Lean Master Certification in Healthcare.

Firstly, *Lean concepts* and their benefits are introduced. Secondly, the challenges encountered and the way they were addressed is discussed. The Policy Deployment Strategy to help hospital administration and any corporate manager, lead a successful Lean Transformation is also detailed. Finally, the role of People in the organization will be debated.

Lean Enterprise philosophy started with Toyota back in 1980. Due to the similarity in their processes, and based on success stories from early adopters, it was extrapolated to other businesses such as Healthcare.

**Lean is a process improvement system focused on eliminating waste from all business processes.** Tahichi Ohnno has defined 7 types of waste: Over production, Over processing, Inventory, Transportation, Movement, Defects and Redundancy. People talent was added later. In Healthcare, Cindy Jimmerson stated that: 60% of our practices is waste including patient care and non-patient care alike (supervising, HR, accounting, supply chain...). Lean 5 elements as defined by Womack are crucial for Lean Enterprise success if all elements are used integrally:

- 1- Define Value according to the customer need.
- 2- Identify Waste by streamlining the process.
- 3- Make the value creating steps in tight sequence (no stops) so product can *Flow* smoothly to the customer.
- 4- The customer will *Pull* his value just in time needed with the amount needed.
- 5- Continuously Improve the process to reach perfection.

Before leading Lean in Healthcare, people should ask why Lean?

**All organizations are judged on 3 metrics: profit, cash flow and revenue growth. Lean helps to improve performance in all three categories.** Other motivating factors to implement a Lean Transformation in HC can be external, such as rising healthcare costs, decreased reimbursements, patient satisfaction, safety and quality, stakeholder satisfaction, productivity and optimizing revenue.

**Lean Enterprise is a lethal weapon to increase your competitive advantage by eliminating waste that is negatively impacting profit.** But, as we will see shortly, Lean is not a silver bullet. It can, however, go a long way towards addressing the strategic and tactical needs of any business by improving customer value and reducing costs. For Lean transformation to happen we need to change. Hospital X had a project, targeting the private clinics, where patient flow is not optimal. They admitted that the process was broken. This was a great start as realism is a requirement to succeed. A quick assessment of the situation was completed (Value Stream Mapping) to establish the improvements that were needed. Some radical changes were required.

On my first day of Value Stream Mapping (VSM) the process, "*We know Doctors are our problem and nothing can be done*" I have been told. Everyday afterwards, the Clinical Assistants reiterated the same thing and indicated that my Lean project is another attempt at process improvement which will go nowhere. Noteworthy was their help and active participation which resulted in a successful comprehensive evaluation of the clinics performance.

I sensed that employees had a higher readiness and aspiration to introduce and see change in the process. This was due to their good understanding of the problem and faith in possible solutions which would increase productivity and stakeholder satisfaction. Upper management, on the other hand, blocks initiatives: some for instance, denied redundancy in the department to be causing the problem as defined in the project charter, and others, told me that all I had to do was "*Map the process only*". These were signs of fear and insecurity of any potential change.

Value Stream Mapping, a Lean visual tool, based on data not gut feeling, made it easy to identify over 30 Non Value Added activities (redundancy was evident and was not restricted to the doctors alone). **Lean tools are vital in visualizing opportunities and establishing the performance level**, which in turn will help get the buy- in and engagement of management.

Effectively, the challenge was the way the staff in Hospital X looked at the problems and assumed they knew the root cause. It took Lean thinking to change their perceptions which is crucial for establishing a new scientific way of thinking and bringing about a Culture Change. Unfortunately, no steps in the process were challenged, because the project stopped at the Future-VSM and Projects Identification.

Hospital X is doing a good job, but they can do better if they accept and embrace change. There will always be opportunities for them to improve. To survive in this fluid business world we should adapt and adopt. Darwin said: "neither the most intelligent, nor the strongest species will make it, but the ones who are most responsive to change".

A value added ratio of 30% of total lead time makes a compelling case for Hospital X to change. Failure to achieve optimal patient flow in the PVC is due to wasteful processes not to employees. Moreover, administrative waste is expected to provide significant low hanging fruit. Excess reporting and multi-approvals are major examples of administrative waste that are very common in Healthcare.

Should Hospital X opt for a Lean Transformation, the Lean process should be in their strategic planning. Lean should become: "the way we do things around here". Change should be associated with the implementation of corporate vision. Only then they will witness increase in productivity, gain in space (point of use supply), decrease defects, reduce lead times and many other benefits. The question remains: who can compete with this level of accomplishment in creating value and returning profit?

The Hospital X has just started a journey of process improvement. Perceiving the customer values alone is not enough, (all Lean elements should be integrated in the Transformation). The VSM revealed huge number of opportunities to work on. It is human nature to resist and ignore new ideas as opposed to tradition. However, problems should be considered as opportunities and should be addressed with Lean or non-Lean methodologies to show that patient satisfaction is the number one priority. By focusing on that, and by using Lean, many additional benefits will accrue to the organization.

**Resistance to change is a major impediment to a Lean transformation initiative.** Understanding the process of change can help. We have the responsibility to manage the change process as well as the implementation process. Irrespective of our attitude or our way in doing business, we should admit the fact that only Value to the customer matters, and in order to compete effectively we need to change our broken processes and commit to sustaining the change.

I think, by now, Management has an idea about what a Lean Enterprise is, and appreciates the benefits of a Lean transformation if introduced properly. The question remains how should it be deployed and implemented?

Lean should be deployed as an Operating System that is made of 4 components:

- 1- Lean concept: continuous waste removal plus info and material flow critical for product and services lead time. These are fundamental concepts when implementing lean elements and rules.
- 2- Lean tools and practices: to visualize, remove and minimize waste (always practiced in a lean environment, i.e. Kanban used in a pull system).
- 3- Lean Planning
- 4- Lean Culture and Leadership.

The last 2 components are the most important factors in lean transformation. VSM will identify many improvement projects and will provide the roadmap for an improvement plan.

- A high level road map should be prepared at the beginning of a Lean implementation journey where employee education should be included.
- A policy deployment or Hoshin Planning initiative should devise a detailed PLAN, where The 5 Lean elements (Value, Value Stream, Flow, Pull and Perfection) are incorporated.
- As these elements are implemented we should follow the Lean Rules (Education, Standard Work,

Minimize People/Material movement and Continuous improvement).

- Lean tools are used extensively as part of the tactical deployment phase which will connect company's goals to the Lean activities: root cause, experiment and implement. We should not copy others.
- Lean Healthcare metrics should be used to monitor improvement. Metrics are based on meeting customer needs not on productivity alone (inventory, machines etc.)
- Continuous improvement should be the daily goal, however, we need to sustain the gains
- The Kaizen methodology should be used extensively (Kaizen mean continuous improvement).
- Policy deployment follows the PDCA cycle, Plan Do Check and Act. What we call management by science (data) not by hunch or opinion.
- Senior management should be experts in Lean concepts in order to plan and engage the entire workforce.

Policy deployment is a lean management tool that ensures everyone is on the same page and pulling in the same direction. It links the Lean activities to the organization's goals and objectives. As lean is a wall to wall transformation, it must be reflected at every level of the organization to support those key objectives.

Lean planning also includes a **Committed** and **Engaged** Leadership team, who use Lean as the basis for a culture change - discussed in next paragraph. Leadership principles include: Respect for others, tell the truth, be fair, try new ideas, ask why, keep your promises and do your share.

As for Lean Culture, it builds a positive work environment by leadership and management. **Lean focuses on the most important resource- people- to create an organizational "war on wasteful activities"**. Not everyone has patents to protect himself from competitor; it is the people who make the difference.

As mentioned in Planning, a Lean Culture begins with Senior Management and comprises these important elements: Leadership, Communication, Empowerment and Teamwork. The philosophy of Lean is Go See, Go Do and Show Respect.

The prevailing management philosophy is "command and control" that does not engage front liner employees in identifying waste and improving processes. This is very prevalent in the Healthcare arena. Strategic deployment is about utilizing the talents and capabilities of people over the long haul. **This happens by Educating and Challenging everyone – continuously!** We should see a shift from a competitive management to a cooperative

management. Leaders, facilitators or coaches should replace the traditional management philosophy. The system should be viewed as whole made up of different parts. The level of coordination between parts of the organization will tell how well the system works. The secret in orchestrating a healthy work environment is respect. Respect is to challenge people's skills and capabilities by asking questions. Challenging them will show respect for their intelligence and creativity and give them sense of ownership. The ROI from respect is unlimited (Brian Furlong). Once that happens, Lean will not be a threat or the fad of the month. The Lean Culture is about **"doing the same work but differently"**.

Problem solving is another key element for sustainability. In Lean, problems are addressed in the following way: Employees are responsible for defining a problem and solving it. Managers and leaders provide coaching as necessary along the way. The A3 problem solving methodology is a very powerful tool that employees can use in their daily activities. The Quality director at Louis Vuitton said: "Now, I only advise, because all decisions come from the workshops".

To have a strong organization we need the support of HR in building the company's culture. HR should be heavily involved in communication, education and empowerment planning. Brian Furlong, the author of "The Elusive Lean Enterprise" and my Lean mentor, says: **"you have to Inform to Transform"**. Recognition is a key requirement for reinforcing the behaviors you want to see from employees – education is the key to establishing those behaviors.

For the Japanese Lean means Harmony and balance among all things. By picking and choosing pieces of Lean the organization will fail. A successful and sustainable Lean Enterprise must have the correct balance of planning, understanding of the Lean concepts, using the correct tools and empowering the workforce by creating a Lean Culture. An organization's ability to learn and adopt faster than others is their only guarantee for sustainability (Brian Furlong).

Lean will come to your door one day. The key issue is whether you will implement lean voluntarily or whether you will be forced to implement it by a customer or a competitor. If you get started now you will be able to turn Continuous Process Improvement into Continuous Process Innovation long before your competitors realize what you are doing. And remember, along the journey maintain a laser-like focus on customer and patient value.

Reference: "The Elusive Lean Enterprise" by Brian Furlong

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