

Creating a Lean and Green Accounting Department

Institute of Management
Accountants

April 15, 2008

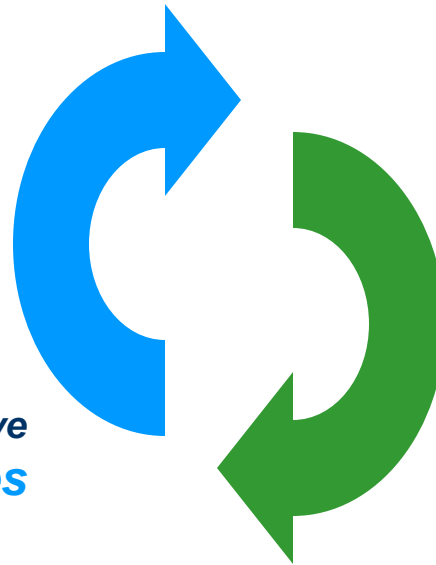


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Steady Improvement, Inc.

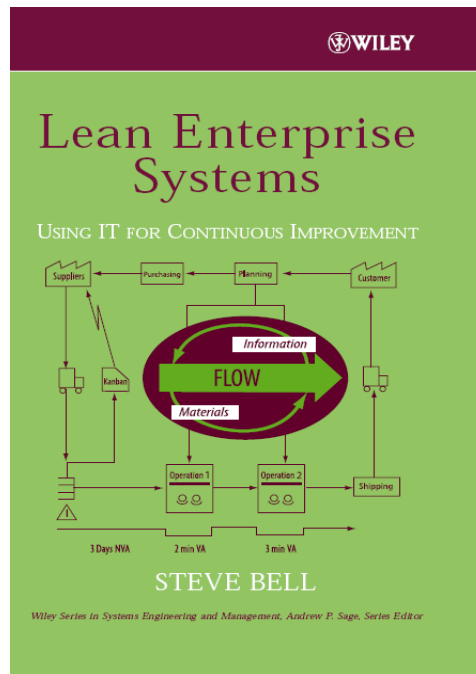
Improving People, Process and Technology . . . *In That Order*

*Continuously Improve
business processes*



*Continuously Improve
information systems*

Resources



Lean Enterprise Systems
Using IT for Continuous
Improvement



June 2007 APICS Magazine
You Don't Have to Be Big
to Get ERP Right

Agenda

- What is Lean?
- How can Lean reduce cost and add value to Finance & Accounting operations?
- Case Study - Con-way, Inc.



Please make comments and ask questions as we go

Lean Defined

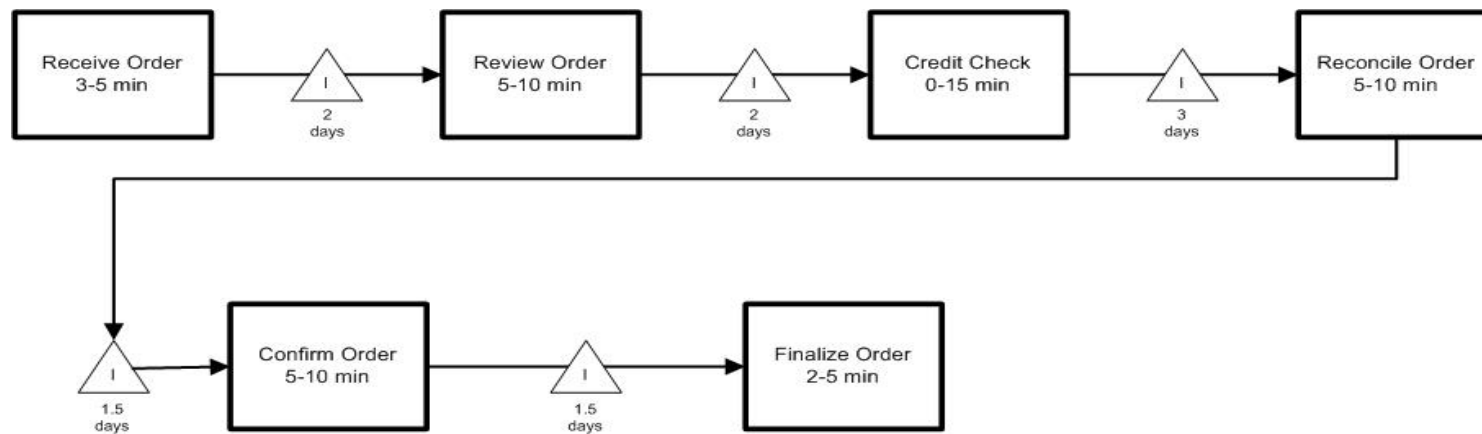


“A systematic approach for delivering the highest **quality***, lowest **cost*** products and service with the shortest **lead times*** through the relentless elimination of waste!”



* “True North”

Most Processes are >90% Waste



VA time 20-55 minutes

Total time 10 days

NVA 99.6 %

Lean Office vs. Lean Factory

- The nature of inventory, over processing and overproduction
- Multi-tasking
- Cross-functional teams and processes are often broader in scope
- Repetitive vs. Non-repetitive processes
- Information Waste



Overproduction

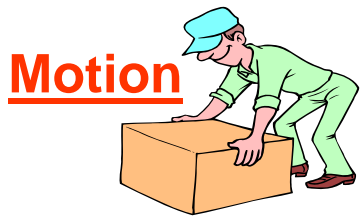
Defects



Transport/Transfer



Waiting



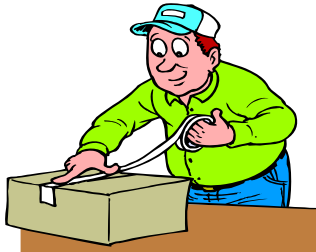
Motion

7+3 WASTES

Inventory



Overprocessing



Unused Employee Creativity



Over-Engineering Environmental Waste



Compliance Waste

- Necessary but Not Value Added activity (NNVA)
- SOX and ISO (just two examples)
- Compliance should be an outcome not a driver of Lean and Continuous Improvement

Key Lean Concepts

- Respect for People
- Cross-functional teams
- Kaizen / PDCA
- Waste elimination
- Mapping
- Problem solving
- Standard work
- Visual workplace
- Measurements
- Value Stream
- Quality at the Source
- Flow and Pull

Key to Lean - Effective Teams

Cross-functional teams:

- Understand and document the entire process (systems thinking)
- Break down barriers
- Eliminate local optimization / silo thinking
- Develop communication and collaboration
- Establish process ownership and consensus
- Drive real value

Consistent performance:

- Common goals and strategies
- Mutual support
- Work sharing
- Joint accountability



Standard Work

- Clarifies the current work and expectations
 - Standardize today's best practices to create stable, repeatable processes
 - Expects creativity and innovation to improve the standard; then incorporates enhancements into the new standard
- Foundation for Continuous Improvement (Kaizen)
 - Baseline for problem identification, measurement & process improvement

Measurements - the Missing Link to Sustainability

- Lack of SUSTAINED continuous improvement can often be linked to poor measurement and feedback systems
- Measurement Characteristics
 - Lagging vs. Leading
 - Process vs. Result
- Balanced Scorecard
 - Traditional finance metrics
 - Operational/Business Process metrics
 - Customer satisfaction metrics
 - Learning/Innovation metrics
- SMART Targets: Specific, Measurable, Actionable, Realistic, and Time-bounded

Con-way®

- Kevin Coel—VP corporate controller
- Con-way a \$5 billion company providing transportation, logistics and supply-chain management services
- Lean initiative at our Portland shared services center (Con-way Enterprise Services)
 - 900 employees
 - Finance Admin and IT
- Experiences—other business unit

First Impressions

- Intercompany team
- Team training
- First Kaizen meeting
- Different from past “continuous improvement”
- Selection of projects
- Managing around other programs & projects
- Bringing focus back to the project
 - PDCA
 - Goal to learn, pilot, own and sustain
- Skeptics

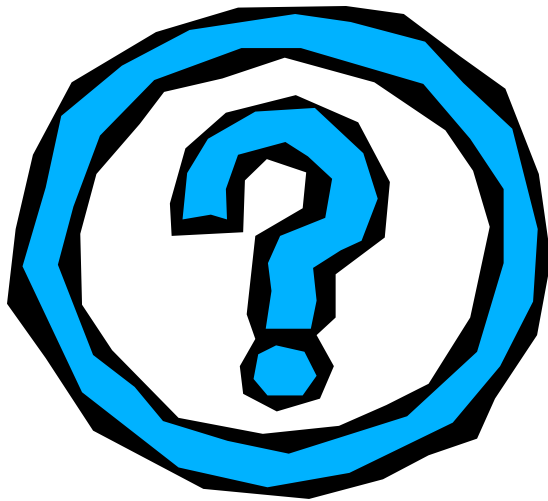
Expected Value

- Framework for change management
- Process defined from start to finish
- Common tools to apply
- Common language
 - A3, Kaizen, Go look go see, VSM, visual workplace, PDCA, standard work...
- Natural fit to what we often already do
- Nirvana—Rationalize SOX process by applying Lean
 - Two perspectives per process

Lessons Learned...so far

- Use simple fixes to start
- Figure how it fits with your culture—integrate and leverage it
- Get enthusiastic people involved first
- Management involvement—sets tone
 - Care not to take it over
- Quick wins—celebrate and communicate
- Clarify “value” and focus on eliminating waste

Questions?



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Downloads:

<http://www.steadyimprovement.com/aboutus.asp>

- Copy of this presentation
- Respect for People
- Toward a Leaner Finance Department (McKinsey)