

THIS IS LEAN

Resolving the Efficiency paradox

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Resource efficiency, the traditional form of efficiency involves utilizing resources as much as possible. For 200 years, industrial development has been built around increasing utilization of resources.

Another principle is economies of scale. Grouping smaller tasks together so that the whole organization can perform the same task many times over increases resource efficiency.

Opportunity cost is the loss made by not utilizing resources to the fullest.

**Flow efficiency is a new concept.
It is a measurement of how much
of a flow unit is processed from
the time a need is identified to the
time it is satisfied.**

Flow efficiency is created through an organization's processes. In order to understand flow efficiency, it is necessary to understand how processes work

There are many misunderstandings about processes. The word process in most places is used to describe a formalized work routine.

How many processes make up an organization? All organizations can be described with less than twenty main processes.

**Processes have bottlenecks.
Bottlenecks come in because of
variations, a change in sequence
or a change in the specification**

The first effect of resource scarcity in good companies is the tendency to do the right thing.

The Toyota system is based on 3 questions?

What product does the customer want?

when does he want it?

In how much qty does he want it?

The Toyota Way

- Long term philosophy
- The right process will produce the right results
- Develop your people and your partners
- Solve root problems and drive organizational learning

The flow improving organization will always be developing new knowledge, new understanding and new experiences and learning new things about its customers and how to meet those needs as efficiently as possible.