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Implementing Lean Marketing Systems



Process Thinking in Services

Guest was Debashis “Deb” Sarkar

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Debashis “Deb” Sarkar is one of world’s leading lights in the space of service Lean. He has been researching, experimenting and working on how to successfully implement the Lean principles to service companies. Deb is also credited to have pioneered the enterprise-wide deployment of lean to service businesses in Asia in early 2000s.



Deb has led a large number of Lean service transformations, and his efforts have led to the pioneering contribution to service lean comprising: A) The DEB-LOREX™ model, B) holistic approach for service lean implementation and C) blueprint for 5S implementation in service companies.

His work is encapsulated in books such as [Lean for Service Organizations and Offices: A Holistic Approach for Achieving Operational Excellence and Improvements](#) and [5S for Service Organizations and Offices: A Lean Look at Improvements](#).

Deb sits on the global advisory board of Process Excellence Network and has held leadership positions in companies such as Unilever, Coca Cola and ICICI Bank. He currently holds the position of Senior Vice President – Organizational Excellence, Change and Finance Transformation at Standard Chartered Bank Scope International.

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Transcription of Podcast

Joe Dager: I would like to welcome you Deb and start with a basic question. What makes Lean for services different than Lean for manufacturing or is there?

Debashish Sarkar: Thanks Joe for inviting me to your podcast. I think conceptually when you talk about Lean whether it's Lean for service or Lean for manufacturing. The principles are quite same, but when you apply them to the service context, it's quite different, and the reasons are very, very simple. The first thing when you talk about a service context, the processes are not visible, it becomes difficult to visualize the process unlike manufacturing organization where you could see the process in front of you. I think that is the first key differentiator.

The second differentiator is that typically service processes are manpower intensive. It becomes imperative to look at the people dimension.

The third difference is that practically in today's world, service processes are highly technology intensive right. How would you balance technology and Lean tools? This is very, very critical while facilitating a Lean transformation.

The fourth very important point is that in a service context the production and the consumption of what you produce happen at the same time because here the customer is standing in front of you. You have to get it right the first time. There can't be any rework

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etc. And last but not least, many of the principles that one would have used in service or in manufacturing organizations would not apply to a service company. I'll talk about it little later, things like process standardization.

When you talk about a manufacturing company, it's given that you need to have standard work for everything that you do. But in a service context, I think it has to be treated differently. I think these are the five things, which come to my mind when you asked me what is different between Lean in a service organization vs. Lean in a manufacturing company.

Dager: You wrote a book, "5S for Service Organizations and Offices." Is that generally the best place to start when introducing Lean in services?

Sarkar: Oh, yes, absolutely Joe. I can tell you from my experience when I started driving operational excellent in a large global financial service organization sometimes around early 2000. We made a lot of mistakes. We started with Six Sigma; we started with other of those methodologies which were in vogue those days, in early 2000 and then we realized that we were not getting traction. We were not getting engagement. That's where we thought; let's try something very, very basic. As you rightly mentioned, I think 5S is an excellent approach to create the foundation for Lean deployment in a service organization.

Dager: Most of my listeners will know what 5S is. But is it different for services?

Sarkar: The 5Ss are not different, but the way you deploy in a service company is quite

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different because as I mentioned the five reasons even when you do 5S, I think you know, you have to keep the 5 principles which I've mentioned in response to your first question. I think those are the things that you need to keep in mind while deploying 5S in a service company.

Dager: Well, 5S is not something that's exciting to talk about and if you start out with that how do you get people motivated to do housecleaning?

Sarkar: That's an excellent question. First of all, I think even you know, I thought it that way, and this is around 10 years back that 5S is a housekeeping tool. I think one of the biggest mistakes which I think change leaders like me often make is that we brand 5S as a housekeeping methodology or housekeeping tool. I think while it may work in a manufacturing company, Service Company it doesn't work especially in banking etc. where you have employees from Ivy leagues etc. When you tell them that you have to be a part of a housekeeping initiative, they'll never clearly be involved in it. I think the way to start is don't call it housekeeping. Maybe you can call it workplace organization. Maybe you can call it workplace efficiency program. Name it something else and I think the way to start with it is that do a pilot in a bank branch or a retail branch or maybe a grocery shop and involve the people in it.

When you do 5S, I think you should try and resolve one of the critical pains that are being faced in that unit or the retail outlet. Use 5S principles to eliminate it. What I've seen when you're able to have people with you over a period of 3 to 5 days, they see things changing. Even the doubting Thomas starts becoming a convert. When you start 5S deployment,

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maybe first one or two days, and I think they will be skeptics but by the end of the 5th day when they see the change happening, those doubting Thomases become a convert.

Dager: Well the latest buzzword I think this year in most business books I have read is about organizational clarity, and that's the essence of 5S is organization clarity.

Sarkar: Absolutely. I think when you talk about 5S; it's about organization clarity. It's about alignment; it's about making sure people are aligned in the same direction. It's about making sure everyone does what they're supposed to do. It's about telling people why they're doing what they're doing. I think you're right. It's about organizational clarity. I think that's where change leaders like me need to make sure that somehow 5S needs to be connected to a key business objective of the organization.

Dager: I think you make a great point there. It needs to be tied to a business objective but am I off base thinking that customers demand that 5S is already present in the company they're working with. Customers demand a certain amount of standard work. That's a big part of what your brand is?

Sarkar: No, I think when a customer comes to your organization or they do business with you, they don't care whether you have 5S or not. I think what matters to him is that whatever product or service that you're delivering, it should be impeccable, he gets it at the right price, right cost, right time, right quality etc. What I meant by aligning with a strategic business objective is trying to make sure if you're deploying 5S, can you make sure that you're able to align and focus towards making sure one of the customer's

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objectives get addressed.

And to explain this point, I'll just walk you through one of my early day experiences. When we were trying to implement 5S in a retail branch, one of the pains which the customers were facing was when they come to the branch the query resolution time is high. What it mean that when a customer walks into your branch, asks for something, asks for a brochure, and asks for some data, it used to take a lot of time. Because of which there was waiting time, and that impacted the overall experience. I think one of the objectives that we tried to accomplish in one of those early pilots was that can we reduce the customer response time? Very simple, you organize the workplace, you make sure that processes are in place and focus on one metric which is any document should be retrieved within 30 seconds, right.

And if you're able to get that, the outcome of that is suddenly the response time of customer improves. So I think when I'm talking about aligning with a key business objective is not having a metric on 5S but essentially focus on things like response time, which is relevant, and business leaders understand. If you're able to make a difference, I'm sure people would buy into what you're talking about.

Dager: Standard Work is a big part of Lean. But there seems to be a lot of confusion about that in services. Can Standard Work still be a part for the creative type and for services?

Sarkar: I think that's an excellent question. I think a mistake many Lean practitioners make is that they believe that, in a service organization, we can go ahead and invent

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standard work all across it. That's not the reality. The approach to do it is wherever you have processes which are customer facing, you cannot have a standard work, right. On the other side, if your processes are not visible to the customer, you can have standard work.

Let me give you an example. If you get into a hotel and if you go to the front office, it doesn't make sense to have standard work for the way you know the front office executive engages with a customer because every customer is different, the queries are different. Standard work would not be of use there. What you need in this customer facing process is a guideline, not standard work.

You don't need to tell the person to look into the customer's eye, speak this way, and speak that way because every customer is different. Right their moves are different. For customer facing processes, when you do Lean implementation, please keep in mind standard work should not be pushed. What we should look for are general guidelines. That's one part but when you look at the back end of it, for example, reservations or maybe the kitchen, of course standard work is important there, and you need to have standard work.

I think the broad guideline that one needs to follow that if you have customer facing processes, you can't have; you shouldn't have standard work. But whenever the processes are not customer facing, you can go ahead and have standard work. Let me give you another example. Again this is from financial services. For example if you're talking about processes in the back office, there you would have standard work. But if you're talking about relationship management wherein high net worth clients are involved. You can't have

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standard work right because customer is different, their requirements are different. So there you will not have a standard work, but you'll have broad guidelines. How should you approach the customer? What are the do's and don'ts?

Dager: What drives an organization to want to implement Lean in service? What is the business case that a Leader says we need to do this?

Sarkar: The current context provides an excellent opportunity for Lean implementation because many of the economies slowing down including India, China. I think it provides an excellent business case to adopt Lean practices for business improvement. Change agents like me need to demonstrate that when you talk about Lean it's just not about cost cutting, it's just not about efficiency. It's about revenue; it's about new products, and it's about customer engagement, right.

I think what is required today is holistic deployment of Lean. That's where change leaders like me need to engage with the CEOs and others and tell them that this is part of Lean; this is what you can do. Of course, doing it may not be easy. Maybe you need to do a proof of concept to explain what you're evangelizing. But I think you know if you're able to show benefits, I think there is a clear business case to adopt Lean.

Dager: In your book, "Lean for Service Organizations and Offices" you layout a 19 step process. Is it that simple or maybe with 19 steps, is that difficult?

Sarkar: Joe that's an excellent question. I think 19 steps are essentially directional in

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nature. Of course, it's not easy, but I think what service organizations clearly struggle is they don't have a readymade approach to deploy Lean in their business while you have a plethora of literature around how it has to be done in manufacturing. What the 19 step does is that it tells you what are the broad steps which need to be taken while embedding a Lean thinking in a company now. Of course, what you did realize, you may take 23 steps, or you may put it down to 15.

I think what the 19 does that they are the most important of the relevant things that you need to do in a company. Of course in certain places, maybe you need to do a few things more and in certain companies maybe you need to do a few things less. I think 19 steps are very, very directional. Are they easy? Not really, I think it's arduous, and it takes a few years. So that's what it is Joe.

Dager: Time is a key component in Lean thinking. How does it apply to services and where does it not fit?

Sarkar: Excellent question. I think let me compliment you for the great question. First of all, as you know it, Lean is also called time based management, right. It's often said the whole endeavor should be to take time out of processes. I mean you should go ahead and somehow reduce the time in a process. But in a service organization the treatment has to be different. This concept has to be the concept of time based management, has to be treated differently, and the focus should not be on taking the time out of the process, but the focus should be on optimization of time.

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What do I mean by optimization of time? I think this entire concept of time has to be used based on the context that you're in. So let me give you an example. So there would be places wherein you would like to take time out of processes. For example if you're doing a mortgage processing. Your whole endeavor would be to make sure that from the time the application is given till the time that the money gets credited into a customer's account should be as fast as possible. So there I think the endeavor is to take time out of the process.

That's one example. Let me give you another example, and that's where this entire concept of perceptual time, which comes into being. For example, if you're in a retail bank branch and you're waiting in line. I think many times, what the customer really feels, what he does during while waiting in a queue etc. So that's where you know, what you try and do, maybe you can add television but essentially engages a customer.

Another example could be if you're waiting in a train station during day time. Two minutes could just fly off in a few seconds, in a jiffy, but if you're standing there at 12 p.m. at night all alone, two minutes focus towards what appear as if it's 5 hours. So I think in the second case you have to focus, the endeavor has to be towards managing the time perception right as perceptual type.

I think that is the second element of time and third; there are places wherein you would like, your objective would not be to take time out of processes rather to increase the time that you spend with customer. For example, you get into a luxury mall; right you don't want the customer to go out of the shop right. The whole objective would be how I make

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sure that the customer spends the maximum amount of time in that outlet wherein he just visited.

So talking about time just to summarize I think when you talk about time and services. There are three things first; there are cases, and the focus has to be on time optimization. There are cases wherein of course you have to take time out of processes. Second there are cases wherein you have to focus with, you have to work around perceptual time. It's essentially that time which is perceived by the customer. And the third one is the focus is not to take our time out of processes but essentially to make sure that you increase the time which the customer has with the organization.

Dager: I think they are excellent points, and one of the things that we talk about is ownership as a key ingredient for success in services but why is that, I mean, don't we all know who is responsible for what? Why is that get mixed up in services?

Sarkar: I think there are a number of reasons why it happens. First of all I think there are issues around people ownership right. So on ownership again as I look at it when I'm talking about people ownership it has to have another three levels. One of course is the level of the leadership direct reports. If they don't own this Lean deployment and just delegated to somebody else. You can just imagine what going to happen.

That's the ownership at the top management level. The second type of ownership when you talk about people is around middle management right. You may have a commitment from the top, but if you have a disengaged middle management, you can just imagine

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nothing is going to happen, and there would be a false start in the organization, and the third type of ownership is essentially ownership at the frontlines or the grassroots level.

If you don't involve them in your Lean endeavor in the Lean improvements that you're doing, making them a part of. You will see that there is no ownership. The first element that I spoke about was ownership around people. The second type of ownership deficit that I've seen is around processes, and a challenge that one sees in service companies is that, in many global service organization, the service, the processes cut across geographies on functional silos.

It's quite possible that a process may start in Connecticut, move to England and from there; it may come to India. The process may pass through a large number of functional silos, and each one of them is owned by different people. It becomes very, very difficult many times to have one process owner. The reasons are very simple because you have these functional leaders who often own part of the processes. The second reason why it becomes difficult is of regulatory constraint. In businesses like financial services, there are functions which have to be treated separately. Even if, you want; you can't have process ownership.

Of course, today many organizations are finding solutions around it. That's way instead of having one person own the end to end process what they do, they have a set of leaders, a set of functional leaders owning an end-to-end process. I think that's where you have ownership deficit issues around processes. When you talk about ownership issues, I think it's about people and process.

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Dager: You have to pay a lot of attention to the handoffs within the system because that's where I would think ownership and not having a clear structure those things can get dropped.

Sarkar: Absolutely, I completely agree. Yes, I think managing the handoffs is very important. That's where it often makes sense to have service level agreements. That's where you need to have regular offline meetings. That's where you need to have dashboards. That's where you need to make sure everybody in the process across functions has common objectives. This is the entire concept of local optimum vs. system optimum. I think if you are able to take care of this, hopefully, the handoff issues and other issues around ownership are taken care of.

Dager: Can you explain what the DEB-LOREX index is?

Sarkar: DEB-LOREX index is actually something which is derived from the DEB-LOREX model. What is a DEB-LOREX model? DEB-LOREX model is essentially a holistic model that provides a roadmap, implementing Lean in a service company. Why do you need a DEB-LOREX model? You have a great system, great management system and turned up production system. Often people in service companies find it very difficult to relate with production system. Especially, if you are not a Lean practitioner.

So you actually need a model which they can understand, and that's where one came up with a DEB-LOREX model. I think DEB-LOREX model, which is formed, by the confluence of

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the philosophies of Lean and System Thinking. That's one critical element and the broad components that make up the DEB-LOREX model are leadership functions, value streams, anchors, Lean thinking and results. If you're essentially talking about creating a holistic Lean service organization and if you're able to follow a DEB-LOREX model, you can take your organization to the next orbit and to track progress as you move up the improvements spiral, you have something called the DEB-LOREX index.

Lots of attributes on the leadership, there are attributes around functions; there are attributes around value streams. There are attributes around anchors as I called them. There are attributes around Lean thinking which you need to measure on an ongoing basis. It will essentially provide directional guidance on where you're on your Lean journey.

Dager: When you use the DEB-LOREX model, you're sitting there looking how your Lean transformation is progressing. You're actually seeing it. Is this just only for services?

Sarkar: No, while it's made for services, I mean one can use it for manufacturing also. But typically manufacturing professionals, they can be resistant to use it because one it does not use any of those Lean terminologies which you would find in a Lean production system. Conceptually you can even use it for in a manufacturing company because it's generic in nature. All that you need to do, you need to customize it according to the context in which you have your business.

Dager: What are some of the pitfalls that the DEB-LOREX model addresses? What jumps out to me that if I would use it that would prevent me from doing or the added knowledge

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it would give me?

Sarkar: I think the first what it does it provides you a holistic approach to Lean transformation. I think that's the key. You know, typically what happens when people embark on Lean transformation Joe; you know it so well. They'll improve one or two processes do a few Kaizen Events, and they'll think they've got it right. I think what it really does it provides a holistic approach, so that's point number one.

Point number two it essentially looks at the deployment as a management system and believes that if you have to get it right, you have to look in all the elements; your leadership, your value streams, anchors. You have to make sure everything is right, and there is actually a cause and effect relationship. If you don't get leadership right, you'll not get results. Even if, you have great value streams if you have people wherein you are keen which believes in Lean, so what it does, it establishes a cause and effect relationship between what you need to do to get the desired results.

The third, it actually tells you that which are the levers that you need to press while embarking on a Lean journey and it would also tell you that what not to do because you'll realize that there are things that if you do it can actually impede your Lean. I think in a nutshell; probably the biggest advantage is that it provides a holistic approach to improving organization using the Lean principles.

Dager: Do you use it?

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Sarkar: I guess; I did use it, and I've found it very useful. When I was working in one of my earlier employs wherein I spent a decade. The entire organization was using DEB-LOREX model. Of course then around 2010, the CEO moved out and there was some change and of course then I also moved out. I don't know what the state as of now is.

Dager: Well, you have a new book coming out. Could you tell me about it?

Sarkar: This book called, "Lessons in Lean Management: 53 Ideas for Services" which is going to be in the market in September 2012. It is essentially scrolling of what are the things that you need to keep in mind while deploying Lean in a service company. I think that's one of the key facets. Second, what it does, it's just not meant for Lean practitioners, but it's also meant for people who are uninitiated to Lean. Third, you know, the book also provides some of the first of its kind of tools which have never been published and which are very, very relevant to service organizations.

Dager: Is there something that you would like to mention about Lean for services that maybe I didn't ask?

Sarkar: No, I think one of the things very critical that I think we need to remember is that the biggest mistake that many of us do is to treat Lean as a methodology. To treat Lean as another of the tools, another of the tools from which we're deploying in an organization. I think what is critical to remember that Lean is a change management program. Lean is a people's endeavor; Lean is about engaging leaders; Lean is about making sure, all the elements of the organization and the business are taken care of.

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When you treat Lean as a change program, you will see the benefit and sometimes, we get caught between whether tools, and we'll be hung upon calling Lean as Lean. I think what's important, call it what is relevant in the organization. Right, for example, in one of my earlier employs, we called it symphony, right. I know another company wherein they call it fast forward. So do what is relevant, do what your management likes to call it. Treat it as a change management program and of course, sorry, let me just correct it. Don't treat it as a program, treat it as a journey. The moment you talk about the program, it's got an end. Treat it as a journey, not as a program, name it, what is relevant to the organization but keep in mind that you have these tools from Lean or Six Sigma and use them based on the context and then improve your company.

Dager: What is the best way for someone to contact you?

Sarkar: I think they can call me on the telephone; they can send me an email, and I'm readily available for anybody. I look forward to speaking, learning, getting in touch with people, sharing what I've done, and learning from others. I'm a student of Lean, student of improvement; I look forward to contacting, talking to people.

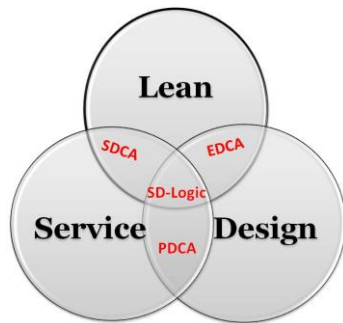
Dager: I would like to thank you very much. This podcast would be available on Business901 iTunes store and also the Business901 blog site. Thanks again Deb.

Sarkar: Thank you Joe. Absolutely, thank you so much.

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Joe Dager is president of Business901, a firm specializing in bringing the continuous improvement process to the sales and marketing arena. He takes his process thinking of over thirty years in marketing within a wide variety of industries and applies it through Lean Marketing and Lean Service Design.

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