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Value Stream Mapping

Guest was Drew Locher

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Value Stream Mapping for Breakthrough Thinking

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Transcription of Interview

Joe: *Welcome everyone. This is Joe Dager, the host of the Business901 Podcast. With me today is Drew Locher. Drew is the founder of Change Management Associates and is one of the leading Lean workshop presenters; consistently delivering the latest thinking and in a usable approach. If you have not attended one, you should participate as he covers a wide range of subjects from Kata, to Development, and Value Stream Mapping. He has been practicing continuous improvement since the start of I think the operational days at GE, I believe. And he has authored a variety of Lean books and one that we are here to talk about today, The Complete Lean Enterprise: Value Stream Mapping for Office and Services. Drew, I'd like to welcome you. How have you been? What are you up to right now?*

Drew: Thanks for having me Joe. I appreciate the opportunity. There're a number of things; obviously locking up the second edition of The Complete Lean Enterprise. Other than that, teaching at the University of Michigan, helping our ThedaCare for healthcare value, and of course, I'm a long-time faculty member of the Lean Enterprise Institute. Those opportunities keep me pretty busy throughout the year, in part. And then I, of course, I do my work with organizations of all types; manufacturers, service, healthcare. It's been a busy year.

Joe: *I have to talk about your new book, though. I mean The Complete Lean Enterprise is a re-write of the book, which was a Shingo Prize winning book about 10 years ago, isn't it not?*

Drew: Absolutely, yes it is. They say you should do a second edition every five years.

Joe: *Can you win a second Shingo Prize?*

Drew: I don't know. We weren't going to submit it again. That's a good question.

Joe: *It was really one of the first books that I think may have been about applying Lean to Services, if I remember it correctly. I guess I want to ask you, what really strikes you as different about services versus products over all these years?*

Drew: Well, the nature of services and information in terms of processes is different than manufacturing. What was interesting in rewriting the book was recognizing just how much production-type terminologies still existed which we didn't intend initially, but it was a great opportunity to sponge that type of terminology because that just kind of muddles up the waters and maybe confused people or either turning them off. The nature of work is different in office and servicing, and you do recognize that waste is not as tangible, and Value Stream Mapping is a great tool to make it very visible. Processes, in general, are not well-defined to begin with as typically we find in manufacturing.

That makes Value Stream Mapping the first time of a specific business process or service process difficult because you're not starting with a well-documented starting point. So those are just some of the things that make it difficult to map and, therefore, difficult to really apply to Lean. The waste is intangible; the work, you can't see it as visible, and it's highly variable. Not necessarily it should be variable, but it is. There's a lot of standardized work, lack of agreement on standardized work.

Last I would say a lot of office and service work, some people would use the expression as knowledge workers, or they're knowledge workers, and it's knowledge work, and that's different, and you can't have things like standardized work, and you can't map it. That's not true. The nature of the work is different. It does depend a lot more on decision making, and it's still a process. Decision making is still a process. You map that out, and you can standardize on the decision-making process as much as we possibly can. And so it is different; we recognize that, and we have to be flexible in not just mapping these processes but also in applying Lean.

Joe: *I think that's one of the areas that people really struggle with being in services or knowledge work is that connotation of standardized work.*

Drew: I'm sure you encounter that there's no real process of selling. It's all about relationships and all that. And as you know and as I know, that's not true. There's a process in relationships for that process.

Joe: *Well you say there's a relationship with the process and I've always kind of looked at it as Standardized Work is what creates the WOW, because people are very comfortable in making decisions, knowing where to go, and knowing where they can't go sometimes is more important than knowing where they can go, and understanding boundaries. I think that's what Standardized Work does for you, and it's the good part of it. Does that make sense?*

Drew: Absolutely. If you think about information, processes, decision-making; it's about what information do you need, where do you get, what do you do with it and then you process it and you got to work within some boundaries. Those become really the standards in which the decisions are made. And you want people to be following these boundaries, so they're making similar decisions regardless of the service provider.

Joe: *You highlight in the title of the book Value Stream Mapping. Is the book a Value Stream Mapping book or is it more than that?*

Drew: Well, we've always thought of it as more than that. Mapping is a tool, but I have always thought of it as much more. And what I mean by that is it allows you to apply Lean thinking to any business process, so it's an enabling tool. People map. They've been mapping for decades; maybe not doing value stream maps, but classic process mapping, they've done that over decades. The difference of value stream mapping is what you do with the current state and how do you redesign a business process or service process based on Lean concepts.

It's really the enabling tool to allow people to apply Lean thinking if it's practiced properly.

That's one of the purposes of the second edition. In our 10 years since the first edition, we've really come across just countless numbers of people that are using the tool, well intended, we can address some of those gaps that we've seen in practice over the last decade.

Joe: *All the Value Stream Mapping books always had this manufacturing thing and this time and waste and everything, and services and knowledge work, time can be variable and it seems like I'm missing a big chunk if I'm trying to Value Stream Map or if I'm even defining it as a Value Stream Map, that it's maybe a process map if I don't have that connotation of time in there. Can you help me with that a little bit?*

Drew: Any of the data that goes on the value stream map and that's probably the biggest thing that distinguishes it from classic process mapping is that we put data on the map, and some people have been doing that for years with classic process mapping, but any of that data can be expressed in ranges to show their variability. It's one of the things that I get a lot of comments or questions about – what number do I use for this? It varies. I said, why would you not put a range in?

For some reason, people are reluctant to do that. In the case studies in the books that we've written on the subject, case studies show ranges. It's realistic. That's what happens.

The original book on the subject, Learning to See, which a lot of people have read and it's a manufacturing mapping book, there are ranges and a lot of people are very literal and they take the samples and examples and case studies and they try to mimic those and they don't

realize that if your process is variable, then express the data, whether it be time or other, express it as a range and then put a note of what is driving the range. Some of that variability might be understandable, but there could be a lot to be learned about that variability. The root cause or causes could be a lack of standardized work. It could lie in the complexity of the work, the wide variety of complexity that a particular process is coping with. Understanding the source of the variability might be very helpful in designing a more effective and more efficient future state.

Joe: *When I take a look at that, it's okay to sit there and I'm going an exaggerated course but put 15 minutes to 5 hours. It's okay to have a range that it's going to take me, right?*

Drew: As long as you're comparing apples to apples and when you're extracting that data or collecting it prior to a mapping event or extracting it from the people that do the work during the mapping event. You just got to make sure you're comparing apples to apples. So 5 minutes to 5 hours, are we still talking about the same process time or are we kind of morphing to lean time which will include queuing and wait time. But if it's indeed that's the process time; sometimes it takes you 5 minutes, and sometimes it takes you 5 hours to do it non-stop, uninterrupted each 5 hours. The next question you ask is, why? Help the team understand why that variability. As I said before, maybe, just maybe that's something that we should address or, at least, accommodate in the future state of design.

Joe: *I get the feeling that you really use Value Stream Mapping early in the process. Is that really just to help define the process and build that current state?*

Drew: People always ask me, how should I go about applying Lean, and there's no single correct way. There're a lot of paths to get to your destination. I think if you had to pick a preferred approach, it would be to start with getting a team understanding of the key business systems or value streams – your order to cash, your requisition to pay. If we're designing products, then your product development process, your primary value stream as defined by Womack and Jones in their Lean thinking book. Then from that understanding in the design of the future state, that drives our improvement initiatives should be aligned with the strategies of the business. For example, if we're mapping the value stream for the development of products or services, what does the market need with regard to that, in terms of volume, in terms of speed to market, and then that's when we design the future state. That future state design will then trigger the specific improvement initiatives – big, small, medium from that point forward for maybe the next year.

Now I'm not saying that's the only way to approach Lean but I am an old Deming-nite from the 80's and Deming always taught us that our improvement efforts should be directional. He always said that we're trying to develop system thinkers and what better way to do that than use value stream map which is a great system thinking tool and apply it in the early stages of the Lean application or a Lean transformation.

Joe: *I also hear a lot about chunking and they've taken a process and working some particular segment of it is kind of how I interpret chunking, but when do I know how far to chunk and be a system's thinker? That's confusing to me. It sounds like someone's talking*

out of the both sides of their mouth, not that you are.

Drew: Generally speaking, we have a graphic that we use in our training modules for value stream mapping. You start at the high level. You start at the end to end process of value stream; so order to cash. Where the chunking becomes important is in the execution or the implementation of the future state.

What you're trying to avoid is self-optimizing. You're trying to avoid making well-intended improvements in one area that has a negative impact on the other. So you start with the overall end to end process value stream map, and you design that future state. It might take a year to implement. The implementation though of that future state, you have to chunk it down or break it into bite-sized chunks. You're not trying to cure world hunger. It's really in the execution or the implementation of the future state that we encourage you to think about breaking in value stream down into chunks, so you're not setting yourself up for maybe a failure or a lot of difficulties by trying to transform the entire value stream all in one shot.

We're firm believers of doing a few things, do the well, and then move on. And so as you're implementing change in an organization, you're implementing that future state, that's what you're doing but always in the context of that big picture that was created. Not that that big picture is cast in stone because as you get more and more into the implementation, you learn new things, and you may very well resize the future state based on that learning.

Joe: *If I'm a Lean person and I'm in healthcare or even in let's say an accounting firm or*

something, but I have little experience in mapping, am I the right person for your book? Can I learn Lean by practicing mapping as just as you outlined it in your book? Do I need help?

Drew: I think the book is for really anyone that wants to map, that's working with maps that someone else created. It's certainly for leaders to understand how to go about in supporting the redesign of key business processes so they can have a broad appeal and really has a broad benefit. I think it can help anyone, and you're only going to learn by doing. Now what I have learned is that if you try to jump right in and map your own process, that doesn't seem to go so well, and I've watched people do it. I've watched organizations do it. I've watched colleagues facilitate in organizations and people really, really struggle.

There's a lot of learning that comes through struggle. But sometimes if it's really an unnecessary struggle, it just results in very frustrated people, and they get frustrated with the mapping methodology. They get frustrated, and they say they don't want to do this stuff anymore.

What we do is prior to a mapping event or as a precursor at the very kickoff, we actually have people, we provide training and education, not just in mapping but in the key concepts of Lean that they're going to be asked to apply when they design your future state. And then we actually have them practice a generic case study and that little practice, just a few hours of practice, I've seen a tremendous impact when they go to map their own processes. It just makes it so much easier because they have that one opportunity to practice and put pencil to paper, or off on the wall, maybe they're working, and there's no emotion attached to that

case study, so they really can learn the tool. So then when you get ready on how you're going to map your process and it's been scoped out ahead of time, they scope these things out prior to the mapping event itself, usually three or four weeks out, you do the preparation activity, it just seems to go a lot easier because they had that one opportunity to practice. They could use the case study in the book, or they could use another case study to do that practice, and I think it would help them go map their own processes.

Other people can just go right at it. They read the book, and they go right at it. I get maps to review for people every other day. It really depends on the individuals and what their prior experience is. A lot of experience with Lean can help or hurt you; it depends on what that experience was. But I think the book, in general, has benefit to a broad population.

Joe: *One of the things that we're sitting here the discussion is the current state and the future state and building the current state is top enough sometimes. It's not necessarily an easy process to get that defined, you go to Gemba, and it takes a lot. We all want to move on to future state very quickly. How important is it to really define and get that current state?*

Drew: It's absolutely critical, and if you think about all the methodology that have been proven, value stream mapping is just one; A3 is another. In all of the methodologies, really the first step is to go grasp the current conditions, understand what's happening. In value stream mapping terminology, that's to develop the current state. Now you're absolutely correct in that it's difficult and it's particularly difficult in office and services for the reasons I mentioned earlier. Like the work is not well defined, the data is not readily available, that's

why you want to prepare for the event three to four weeks ahead. That usually gives time to collect data which doesn't exist, and we need that data to populate the current state. And then when we actually do the mapping event itself, sometimes you just can't see the work.

It's not being performed on a regular basis. So we have to create opportunities for the group or the team to observe it. We do what I call like a virtual walk-thru. We might actually be in a conference room, but people have access to their computer screens and programs, and they're beaming it up onto a projector so everyone can see and learn what each other do. So getting that common understanding of not just my part but everyone else's part, what we're doing in current state is extremely important. And I often use the expression 'You want to tell, and then show.' Don't just tell me what you do verbally because I might have an idea of what you're saying and a different person in the room might have a different idea. But if you can show us what you're doing, show the forms, show the screen, show the reports, whatever form that that information takes, you want to show people. So I always tell people to show and tell. Don't just tell; you got to show as well, and that's where the learning really is maximized in the current state. Again you have to have that, before you move on to the future state, otherwise, you could be heading down a very inappropriate path, you could be sub-optimizing, you can be recommending changes that in one area may have a negative impact than the other ideas because we just didn't take the time to grasp the current situation.

You're absolutely right; there is a tendency for people to want to leap ahead. Leaders in particular always want to jump ahead, and it's like, you just got to slow them down and say,

you got to slow down and speed up. This time, we're taking to understand the current state, and document it, and reflect on it is going to help us tremendously in designing the future state.

Joe: *When we go to designing the future state, how closely does it have to relate to the current state? I mean should we be using the same measurements, so we can see that we're actually gaining or can you just jump out and do that innovative and that blue sky thinking and pull a completely different future state out of there?*

Drew: Again, great question. There are two different schools of thought. Some people will have their teams create ideal states. I tried that in the early days, and I stopped doing it because you spend a lot of time on something that was never going to be implemented. Now, did it stimulate some ideas, out of the box thinking? Often, yes, but I think we can do that while creating a very practical future state that we know we have a good chance of implementing in a reasonable time frame, and we have some guidelines for all that. The reasonable time frame is, elements of the future state should be implementable – if that's word – within 3 months, 3 to 6 months, 6 to 9 months, and 9 to 12 months. We don't want to design a future state where we won't see any benefit for like a year or longer because the odds of really implementing that future state are going to decrease and we're never going to get around to doing it.

People need to see improvement. They need to get relief in what they're doing within reasonable time frames. And we believe, within three months is a reasonable timeframe. So

that's one of the guidelines, and when people are coming up with ideas, I'm asking, can we implement that within 3 months now? How about 3 to 6 months? Yes. Okay, we'll assume that but we'll also use the 70% rule and keep updating. We don't have 100% certainty, but all the idea that we come up with in the design of the future state are going to be achievable. I just asked, do you feel you have 70% chance of implementing that within 3 months or 3 to 6 months? And if the answer is yes, then we assume it on the future state.

Now as we get into the implementation, and we find out that was a bad assumption, that's okay. The team gets back together, they update the map, they update the plan, and they move forward. You aren't going to have 100% certainty and people have to be able to deal with it, and that's basic change management, that part of what we're trying to do is develop this mindset for humans to be able to deal with uncertainty. Otherwise, this desire for certainty will paralyze, and they won't even come up with a future state. This will be thinking it's like casting concrete. It will never change, and it's got to be right and perfect. We use the 70% rule; we use the 3-month bucket rule, and we try to create a very practical, achievable future state that people feel good about.

Now, if I don't think that the folks are looking outside their box, and the future state is looking too much like a current state, as a facilitator, it's something I have to deal with. So one of those underlying assumptions and a lot of times its assumptions of will they long change or who's they? Let's go pull them into the event right now. If they're not on or team already, ideally the day they should have been on the team is as we're mapping value stream and looking at an end to end processes. The team member should reflect that. But let's say

they're not on the team, and they might be management. Okay, let's go and speak to them and see if this is a reasonable assumption. Now let's not discard the idea because of the assumption it might not be true. A lot of times, I'll bring my own experience of 30 years to facilitating and show examples. I'll show photos of different concepts being applied in office and service environments, just to spark creativity in people's minds that hey, we can do something different. We can throw work fundamentally very differently than we are today, and maybe not have to get a whole new computer system or something like that to do so.

Joe: *Innovation is such a big word now. Can we be successful and be real innovative and create that blue sky thinking with incremental improvement with Lean? Following something like a value stream map, can that really lead us to breakthrough thinking?*

Drew: Absolutely. There are really two types of improvement. There's incremental improvement, and then there's radical improvement. Toyota actually has two separate terms for it. Incremental improvement is 'Kaizen.' That's the way I was always thought. It's small, incremental improvements. Now, people have used that term over the years to be an all-encompassing term. But Toyota distinguishes incremental improvement from radical improvement, which they use the term 'Kaikaku.' I may not be pronouncing it properly. But that's where value stream mapping as a methodology comes in. We're looking for radical changes and how work is being processed and the results that we expect to achieve.

For example, this happens to be a product development system that I helped facilitate a group. When I first met with them, a large corporation, I said, this is not for the weak of

mind. We're not going to value stream map your development system and look to flip through the pages and look for, ooh, let's reduce lead time by 20% or let's take 5% of the process timeout or whatever modest, measurable results that they were thinking of and had tried in the past. We're going for the big game here. If you're not after no less than 50% reduction in lead time in the market, I'm not interested in working with you.

They had to think about that, and then they came back and said, that's what we want. I said, okay. We facilitated the event. It went very well. They've got a future state that they are still socializing, which is all relatively recent. It was just last fall, last November. They are still socializing the future state, the peak position of what they believe they can do with this very large organization with not just key decision makers but all the different functional departments because development processes affect everyone. You've got supply chain and purchasing. You've got obviously the engineering and designing folks. You have the ops people in there. You've got everyone in there. They're still socializing that, and they're almost apologetic, and I said, don't worry. This is big stuff.

What you're recommending to get the results that you're projecting are very significant, and we're talking very large scale change. But again, change, that can be implemented within a year; the elements within 3 months, 6 months, 9 months, or once people are willing to accept the changes that they're recommending. We're after a radical change with value stream mapping. If we're after the incremental change, there are other methodologies that we can use; maybe classic process mapping. We don't have to take the time and effort that's required to doing proper value stream mapping if we're just after incremental improvements.

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Joe: *In your book, though, to get back to that a little bit, does that show me how to implement a value stream map? Does it give me some tips on what to do before the mapping process and after the mapping process?*

Drew: The book itself takes you through the whole process. How to prep for an event, what we call scoping, so we talk about that. How to prepare and gather data that you might need and define the team members. It starts with that and then it obviously goes through the exercises, the use of the tool itself as a current state map and a future state map, and developing the implementation plan. One of the things we've learned in the 10 years is if you ask them, my colleague, my co-author and I 15 years ago, what should an implementation plan look like, we probably would have said, oh it's very detailed and let's spell everything out, and we learned that that was just silly.

The implementation plan that we recommend now is much more simple because you really don't know until you get into it. We've added a lot of content in the second edition all on implementing; as we call it, learning your way to the future state. It is in line with your term of a chunking. How can we advance the learning to see what works, what's not working in terms of our ideas? How can we experiment quickly, easily, with minimal risk to the business? We talk a lot about that in the second edition, which we did not do in the first edition. The first edition, we would have said, okay you have this future state and all these Kaizen, now let's plan the heck out of it; a very detailed plan. And we both learned that that was just kind of silly. You don't know the details when you start actually implementing, and you see

what real obstacles exist, and then you can plan accordingly. So it walks you through from prepping the event to implementing the future state, over like I said a 3 to 12 month period of time.

We've got a lot of content on managing the new process and part of that managing your way to the future state as you're making the changes and you're doing the experiments and standardizing on those changes that you prove worked, although the essence of PDCA. But then after that is how do you really continuously improve this very important value stream and we realize, we did not cover that in the first edition. You can change the work process, but if you don't change the management process, you may very well end up back where you started because old habits are hard to break. At the very least, you might have a future state implementing, but that doesn't necessarily mean you're practicing Lean because as you know, Lean is about continuous improvement of all scales, radical or incremental. We need management of those value streams to drive that continuous improvement.

We used to talk about it in very general terms. You know, what about the second future state, the third future state? Who's going to bring those back to repeating the exercise periodically over time? Now, we talk much more specifically about that and give more ideas of how leaders, whether it be a value stream manager or key functional managers if we're not organized by value stream at this time, how do they have to change and how does their role change. The use of visual management techniques to drive continuous improvement, drive an engagement of people within the value stream, that's probably one of the most important additions to the content that is just in the second edition.

Joe: *I think you should get another Shingo price for it, Drew.*

Drew: Thank you very much.

Joe: *What's the future for Drew Locher?*

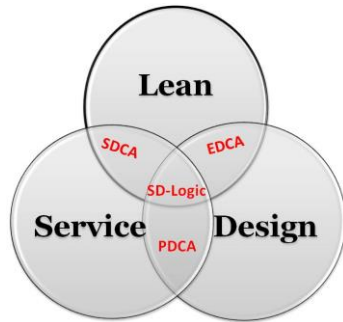
Drew: To continue honing my teaching and trying to express these very important concepts in ways that resonate with a broad population of people. That's one of the benefits to us in writing the second edition; it really made us go back and challenge how we articulated concepts. That's why one of the things we did do is rework a little bit on the future state questions that embody Lean thinking. We think that it will help people be a little more successful in applying them. The word originally may be a little confusing; the order may be a little confusing. My hope with the book and beyond is to continue to hone the message which in turn would help people apply, which in turn helps them be successful in their organizations, and successful organizations continue to give hopefully well-paying jobs to people, and that's always been my whole thing about all of this for 30 years.

My personal development always continues. I always learn from the people that are doing and the organizations we work with. I'm pleased to be back in with healthcare. I was very involved in healthcare in the early 1990's, and kind of gave up by the late 1990's. that is an industry that is as seriously in need of Lean, not just from across standpoints but the quality is with care standpoint, so I'm hoping to do more work there. But basically just keep trying

to get the word out to willing audiences and improve my abilities in teaching.

Joe: *Well, I wish you the best of luck. You're one of the better consultants that I've seen around, and I've always been impressed with what you had to say and work. Where can I learn more and connect up with you?*

Drew: The book is available through Productivity Press, which is part of Taylor and Francis and you can Google that. My Website is www.cma4results.com and on that Website, there's obviously the links to the books, but there's also a learning portal with a wide assortment of past newsletters on different topics and also management topics with articles and things. It's funny, I get these calls from time to time from Website designers, and they say, you have too much information on your Website. You're giving all this information away for free. We could set it up in a way that people can buy and download. I'm like, no, I don't want any of that. I just want to make some information available to people, so I'm glad that there's a lot of information there, and people can get in and have access to it. So that would be one way to do to get in touch and see what we have to offer. There's also on the Website; we have Twitter. I am trying to do social media, Joe. I'm trying to learn from you on that subject. And LinkedIn, so we make the newsletters and such available in social media. Basically, as I was saying, I'm easy to find, and I'm out there. Just Google me and within one or two clicks, we'll be there.



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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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