# LEAN ADMINISTRATION - POTENTIALS, CONTENT AND IMPLEMENTATION STRATEGY

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**—Abstract —**

About 30% of all administrative activities are waste. In the paper the Lean Administration House is introduced, which allows to exploit these potentials. The vision is industrialization in the office, which is based on "corporate culture" and "methods & tools". The optimization targets "reduce division of labor", "increase collaboration" and "reduce coordination efforts" constitute the pillars of the house. To achieve these goals twelve assumptions in the areas "business processes", "tools & IT", “organizational structure & layout”, and "corporate culture" are introduced and explained. The paper also shows how Lean Administration can be implemented successfully and what the organizational requirements are. Four stages of the development to an excellent lean administration are presented: Beginning with the workplace organization of each employee via enhancing collaboration up to process optimization, which is finally integrated into the annual planning of a company. For all stages key performance indicators are presented to measure the results.

**Key Words:** Lean Administration, Process Excellence, Lean Office
**JEL Classification**: M10 – General Business Administration

## 1. CHALLENGES AND POTENTIALS

In the past, programs to increase efficiency and performance were introduced in companies, driven by the Toyota Production System, especially in production areas. Despite punctual efforts to optimize indirect areas, most of the business processes are still highly intransparent and difficult to measure (Wittenstein, 2006:15). Besides the achievable potential of improvement through Lean Administration is largely underestimated. Basically it can be assumed that about 30% of all administrative activities, like in engineering, purchasing or distribution departments, are unproductive (Westkämper, 2011:26). Although these departments have great potentials, they have been postponed when introducing Lean Management. In this context, Figure 2 shows the implementation status of Lean Management in the different departments of companies.

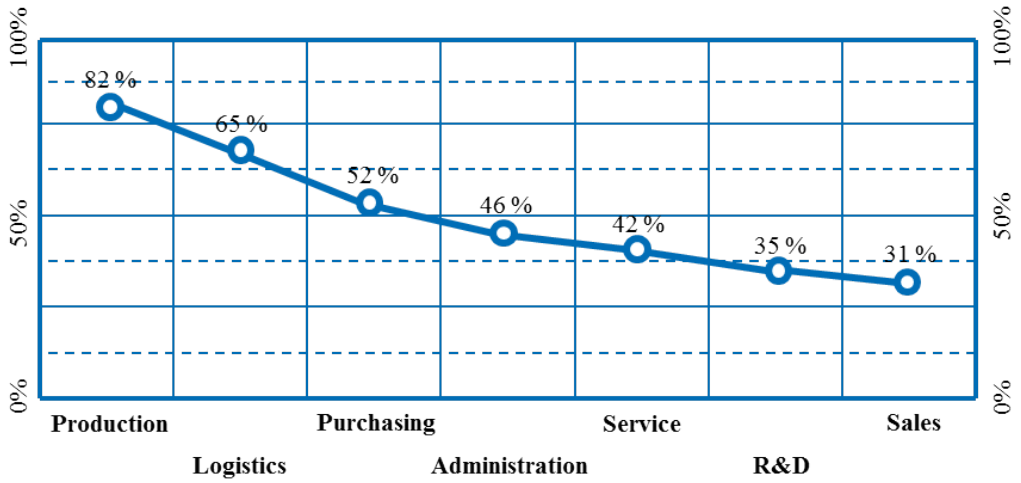


**Figure 1: Penetration of Lean Management in indirect areas (Schuh, 2011)**

The low penetration raises the following question: Why did companies achieve such little progress with the implementation of Lean Management in the indirect areas?

The primary reason is the kind of existing activities. Processes in direct areas are clearly defined and standardized. In contrast the indirect areas are strongly influenced by individual tasks. Another reason is that flows of material and information in direct areas can be understood easily. The processes occurring in the indirect areas are often not standardized and therefore comprehensible only with comparatively high effort (Von Reden, 2010). In addition to the procedural

differences, the difficulties in the sustainable implementation can be stated as another problem. Improvement elements from the Lean Management are often introduced separately. As experience shows individual optimizations have sometimes little or even no impact on the overall process. More effective is a holistic, company-specific approach. (Schuh, 2012)

The present article aims to answer three essential questions that serve as a guide to a successful lean administration concept:

- What does the Lean Office 2020 look like?
- Which organizational requirements and leadership elements are needed for the introduction of Lean Administration?
- Which levels of development exist on the way to an excellent Lean Administration?

## 2. KEY ASPECTS OF LEAN ADMINISTRATION

### 2.1. The Lean Administration House

The roof of the house contains the vision of Lean Administration, which is the industrialization in the office. The basis of a successful Lean Administration implementation constitutes on the company's culture where all of the basic values that contribute to the success of the company are united. It serves as an orientation and action scale, which shapes the way in which employees act, communicate and make decisions.

Another important element of the house are company-specific methods and tools that find their application in the context of the Lean Administrations concept. Methods that have already led to success in Lean Production can be partially transferred to the administrative processes. Besides Jidoka, CIP (Continuous Improvement Program), JIT (Just in Time) / JIS (Just in Sequence), the pull principle and 6S (method to create order and cleanliness) many other useful methods and concepts are offered to drive process improvements in indirect areas. The method kit, which is available for companies, however, should not be interpreted as a guarantee of success, but especially as a tool in order to promote

and strengthen the normative values. It is essential that companies recognize that success can only be generated through a cultural change and not just through methods.

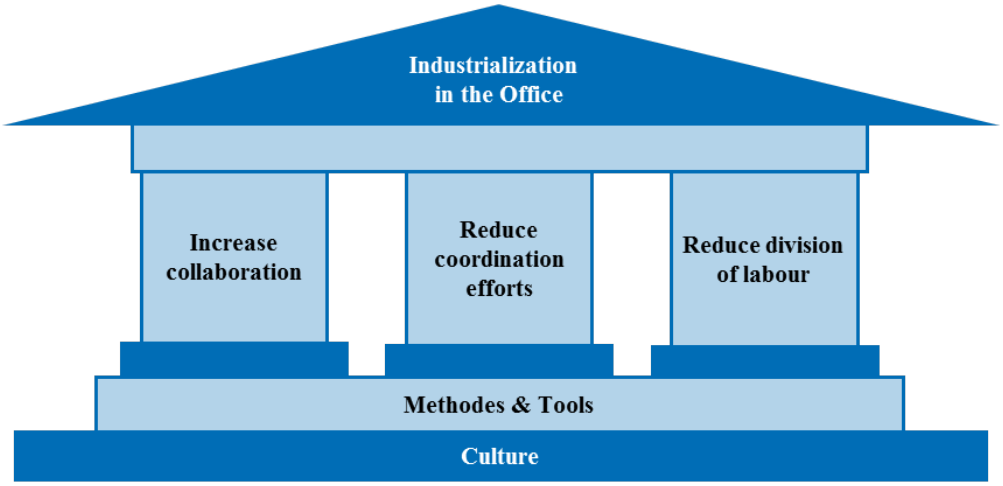


**Figure 2: The Lean Administration House**

## 2.2. The 12 theses of Lean Administration

Based on the two basic building modules "Culture" and "Methods & Tools" the business optimization objectives that should be achieved through Lean Administration are set. With the optimization objectives and the specific fields of action the framework for 12 theses, on which Lean Administration is based, are defined:

**Thesis 1: Establish E-mail free communication (Produktion, 2013)**
now: Business communication is characterized by E-mail traffic
future: One extreme scenario: Any internal communication at a location is to be held face-to-face and e-mail traffic is to be limited to communication with other locations, customers and suppliers

**Thesis 2: Establish standard times for business processes**
now: The time at which a process starts and ends, and especially the processing times needed by the individual employee are often not recorded and planned

future: Systematic planning of standardized tasks of administrative processes, for example through so-called T-cards and visualization of the deadlines based on a "timetable"

**Thesis 3: Reduce functional and qualification limits**
now: Functional and hierarchical separation of inter-related tasks
future: Reduction of the functional barriers and establishment of a process organization

**Thesis 4: Use social networks**
now: Major challenge to inform employees about issues and to create exchange platforms in the form of meetings
future: Creation of virtual networks to share information

**Thesis 5: „Bring your own device“**
now: No focus on the personal needs of employees in terms of office equipment
future: Employees are free to decide whether they use their private office equipment (in particular smart phone, tablet, laptop) for business purposes

**Thesis 6: Apply "Smart Tools" for decision making**
now: To make decisions a lot of information has to be accessed
future: "Smart Tools" in order to minimize the cost of obtaining information as a basis for decisions and to visualize complex issues that the gut instinct is supported by data-based analysis and reporting

**Thesis 7: Flow line in the Office**
now: Functional structure of the administration
future: Administrative areas are arranged in the order of processing. The orders should have less waiting times and are processed in the context of a one-piece-flow

**Thesis 8: Reduce management decisions**
now: The management feels responsible for the majority of the decisions
future: Employees should make independent decisions on lower levels

**Thesis 9: Break down hierarchies of decision-making processes**
now: Hierarchical decision-making structure

future: Introduction of a flat hierarchy to encourage initiative and responsibility

**Thesis 10: Increase cooperation with competitors**
now: Focus on corporate competencies
future: Increased exchange of expertise for sustainable competitive advantage

**Thesis 11: Increase confidence in employees**
now: Trustful treatment is often only a wishful thinking.
future: Enlarge the scope of the employees

**Thesis 12: Entrepreneurs within the enterprise**
now: Safety thinking of employees and perishing of the "entrepreneurial spirit" especially in large enterprises
future: Increase of the autonomy and self-organization; "Rather ask for forgiveness than for permission"

The previous section shows the vision of Lean Administration. For many companies, however, arises the question of the first steps on the road to Lean Office. Therefore, in the following will be explained, how the organizational conditions need to be created initially and which development stages have to be passed during an implementation of Lean Administration.

## 3. PROCEDURE FOR IMPLEMENTATION OF LEAN ADMINISTRATION

The basis for the introduction of Lean Administration is the selection and definition of responsibilities. One way of introduction is the establishment of an administrative staff unit that coordinates and initiates the lean activities. Such a staff unit should be located right below the top management so that an appropriate level of competency for implementation is available. In addition to the staff unit, managers must be specified in the individual business sections. Here experienced and motivated employees should be selected to serve as multipliers for the Lean Subjects in their own sections. The functionality of the Lean Administration organizational structure can be compared with the allocation of tasks of a ship's crew. The Admirals of the staff unit manage and coordinate the overall process and push forward continuously. The Navigators are also located in the staff unit and conduct large projects. At the same time they are responsible for the "follow-

up care" of old projects and the realization of workshops on "Lean Topics". In addition, Trainee Navigators that serve as followers for the Navigators are trained through participation and presentation of workshops. In each staff unit there should be a Sailor that acts as a change agent and promotes, in its section, with the support from the administrative staff unit, improvement projects. In addition to the before mentioned full-time workers, part-time field workers are needed, which are responsible for workshops and subsequent implementation measures.

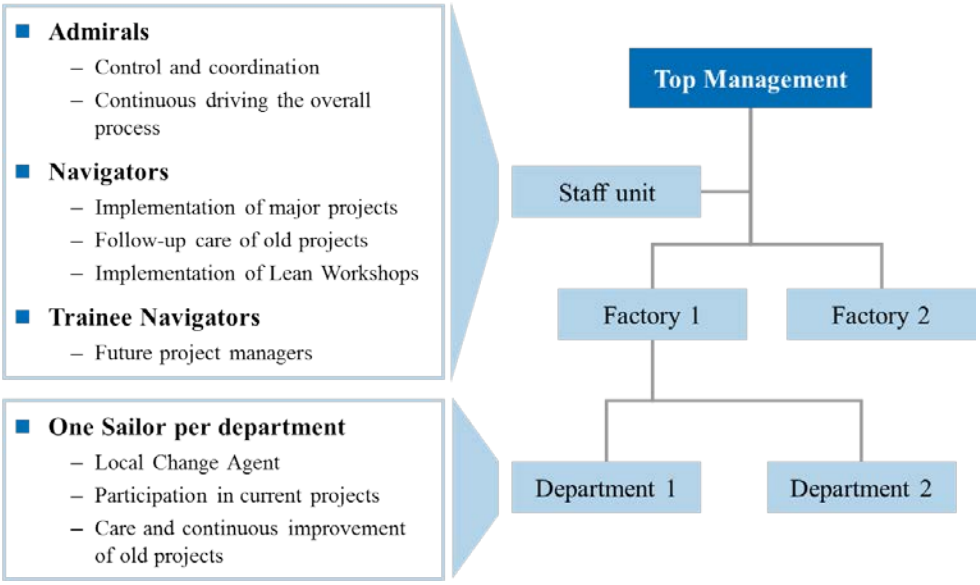


**Figure 3: Organizational structure of the staff unit for Lean Administration implementation**

After the organizational requirements have been set, the procedure for the introduction of the methods should be planned according to a structured roadmap. Not only the management benefits of the structured process of optimization, but also the employees have a concrete benefit, such as a clear orientation and improved cooperation with interface sections. The aim of the roadmap is in particular to be aware of the available and required capacity for improvement projects.

The project managers select suitable optimization methods out of methods kits that are specified for each implementation step. For each optimization method performance indicators are used to verify the effectiveness. The recovered transparency on essential process parameters simplifies the identification of waste. Operating figures are therefore an integral part of Lean Management.

The objective of the following procedure for the introduction of Lean Administration is to exploit existing potentials in administrative and service processes and the sustainable optimization of the considered processes. The presented model for the implementation of Lean Administration consists of four stages, which represent a bottom-up approach of Lean Management introduction:

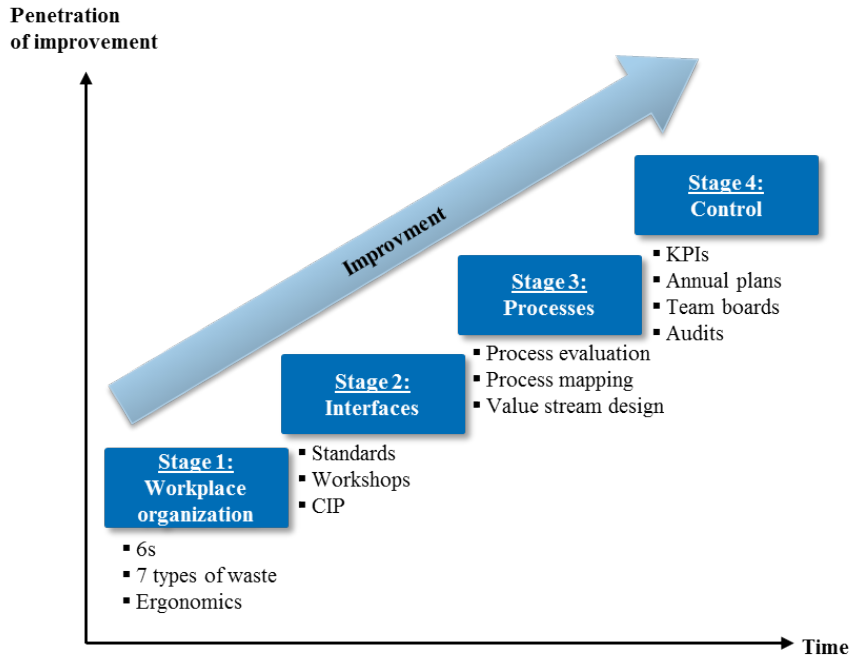


**Figure 4: The Lean Administration introduction process**

## 1. Stage: Workplace Organization

In the first stage, the focus is put on the workplace organization of every employee. The focus here is the elimination of all sorts of waste in the areas of human, environment and organization. With the "6S" method (method for clean workplace organization) organization and order standards are set. In connection with the search of the seven types of waste, search time and, consequently, lead times of processes can be reduced significantly. In addition, a transparent organization of work is achieved. The main objective of the first stage is to achieve an awareness of the upcoming changes. A proper structure in the workplace helps the employee to work even more structured. Although the workplace organization is the first and easiest level, it is not to clean up once, but to organize workplace, folder structures and inboxes with appropriate regularity.

## 2. Stage: Interfaces

In the first stage, the conditions for a streamlining of the administrative processes have been created. The next step is to define binding standards in order to improve the cross-interface processes. In addition to the standardization of work equipment documentation and communication standards are developed. Only a common standard enables uniform quality. Based on this, the relevant processes are systematically optimized. Through the standardization of business processes, the discipline of employees is increased and the cooperation also beyond department boundaries is promoted. Thus potentials are especially revealed in the cooperation of the parties involved in the processes, rather than just turning local screws. Therefore companies should not be afraid of the typical barriers of cross-departmental cooperation, but actively strive for improvements right there. Introduced standards also prevent employees from falling back into old habits. With Interface Workshops interface wide cooperation of employees is further improved, the method of operation in terms of Lean Management is more firmly established and the awareness of a shared responsibility is created. With figures like "number of faulty information" or "necessary queries" the quality of the interface wide processes can be measured. After reaching the second stage, all requirements for an effective process improvement are given.

**3. Stage: Processes**

In the third stage the value-adding activities are identified. For this, the central business processes will be illustrated and designed transparently based on process mapping. Using value stream mapping, the individual process steps are analyzed. In this way, weaknesses of the processes can be located, the causes analyzed and possible solutions developed. The goal is unwasteful, quick and reliable information and data streams that cope with the criteria of quality, cost and delivery requirements. As part of the process improvement the customer is always in the focus. The "total processing time per transaction" represents a good indicator of the quality of the installed processes, because the time measurement can be realized relatively easily. As a further measure for process evaluation the indicator "delivery performance of administrative tasks" is possible. However, for meaningful measurement of this ratio, internal delivery dates must be agreed beforehand. That means a very intense preoccupation with its own processes.

**4. Stage: Control**

In the fourth stage indicators and annual plans are made and evaluated, and later visualized on team boards. In this way, the continuous improvement process in the office becomes independent. In addition, audits are held, in which the status of improvements is identified and communicated to the employees. Further progress

towards an optimal lean administration can be achieved by a specific adaptation of the methods used for process improvement. Communication and escalation structures, analogous to the shop floor management of the production, permit rapid response to variations in the processes.
The introduction of Lean Administration is, as well as the introduction of Lean Production, a process of continuous improvement. Experience shows that the four stages of the Lean Administration Model can be run through in two years. After reaching the final stage the process in terms of the CIP does not end. Rather, the challenge is to anchor the changes introduced in the company and expand them to other sections. Because only in this way the long-term success of the company can be secured.

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