

Value Stream Mapping (VSM)

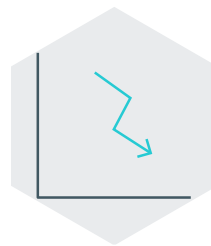
You would use this approach to identify improvement opportunities in end to end business processes. A VSM activity is used to see the whole process end to end.

Projected performance gains



Improved

- Productivity
- Teamwork
- Visual Management
- Understanding



Reduced

- Waste

What investment is needed to understand the concept?

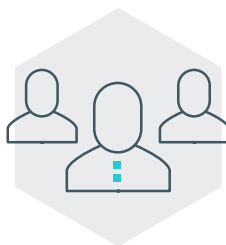
DIFFICULTY



Challenging

Requires preparation, data gathering and stakeholder identification

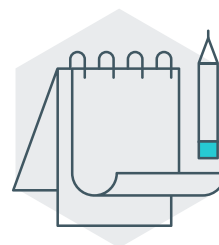
ACTIVITY



Team

Best results come from a crossfunctional team representing all major process stakeholders

EQUIPMENT



Stationery

Post-Its, big roll of white paper, pens

Explanation of the concept

The idea behind VSM is to look at the whole end to end process, both material and information flow, and identify improvement opportunities that will help the entire system perform better. VSM was developed to help people improve the right things, for instance, a gain for one area might be an overall negative for the whole system.

It is unusual to find many people in a business that have the end to end understanding of the whole process. By sharing this with a cross-functional team, the whole business will benefit and the right things will be improved.

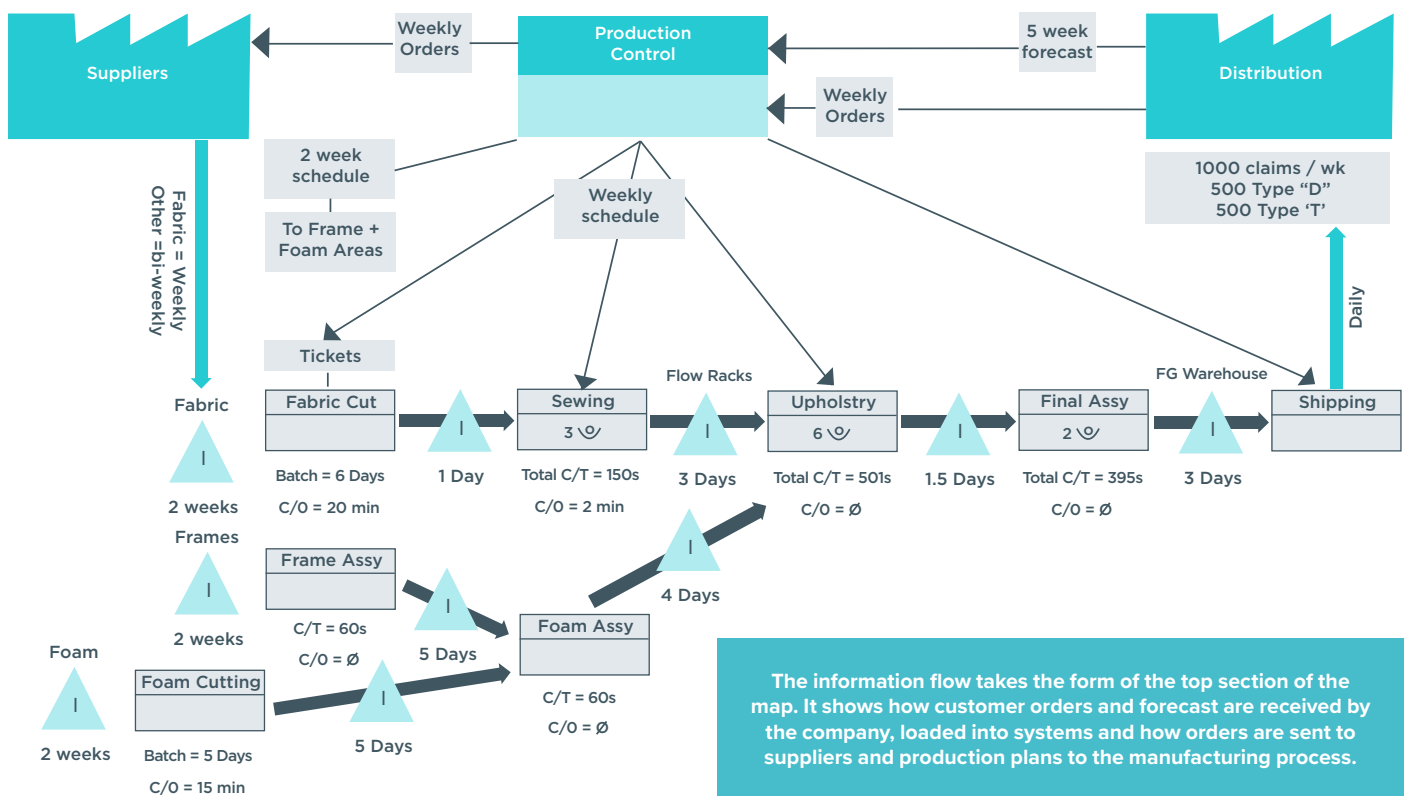
This approach can be used to identify Value Adding and Non-Value Adding activity.

Value Adding: Any process that changes the nature, shape or characteristics of the product, in line with customer requirements.

Necessary Non-Value Adding: Any work carried out that doesn't increase product value, but is unavoidable with current technology or methods.

Non-Value Adding: All other meaningless, non-essential activities that do not add value to the product you can eliminate immediately.

Example Value Stream Map



The information flow takes the form of the top section of the map. It shows how customer orders and forecast are received by the company, loaded into systems and how orders are sent to suppliers and production plans to the manufacturing process.

The overall end to end process leadtime can be easily seen and calculated, and the "8 lean wastes" identified to guide improvement opportunities.

The material flow takes the form of the bottom section of the map, and shows each major production process step. Beneath each of these is a data box that captures the process stage parameters.

VSM can be used for factory processes, or any process in any sector such as healthcare, financial services, legal services. The definitive book on VSM is "Learning to See" by Mike Rother and John Shook – details are in the Recommended Reading section.

What action should I take?

1.



Identify the end to end process to be mapped

2.



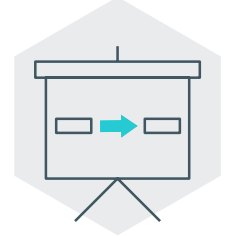
Gather representative process data

3.



Create a cross-functional team that represents all key process stakeholders

4.



Map the current state material and information flows

5.



Identify improvement opportunities

6.



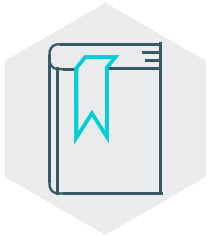
Design the future state material and information flows

7.



Create an implementation plan to deliver the future state processes

Recommended resources



Rother, M. & Shook, J. (2003). Learning to See. The Lean Enterprise Institute
ISBN: 0-9967843-0-8

Bicheno, J. (2004). The New Lean Toolbox. Picsie Books.
ISBN: 0-9541-2441-3

Suzaki, K. (1987). The New Manufacturing Challenge. The Free Press.
ISBN: 0-02-932040-2

Rother, M. & Harris, R. (2001). Creating Continuous Flow. The Lean Enterprise Institute.
ISBN: 0-9667843-3-2



[GC Business Growth Hub Factsheet 07: Value Add and 8 Wastes](#)

Glossary

Leadtime: The time from receiving a customer order to delivering the product/service

Value Adding: An activity that the Customer is willing to pay for.

Waste: An activity that a Customer would not be willing to pay for.

For more advice, case studies and additional factsheets visit: www.businessgrowthhub.com/manufacturing