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What do you think of when
you hear "lean
manufacturing or lean
accounting"?

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LEAN ACCOUNTING

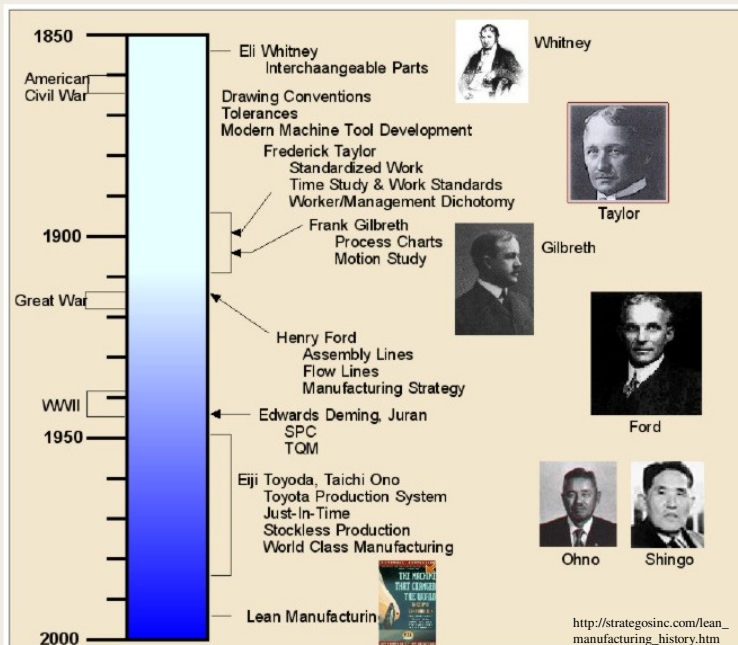
What is it and Why do I care?

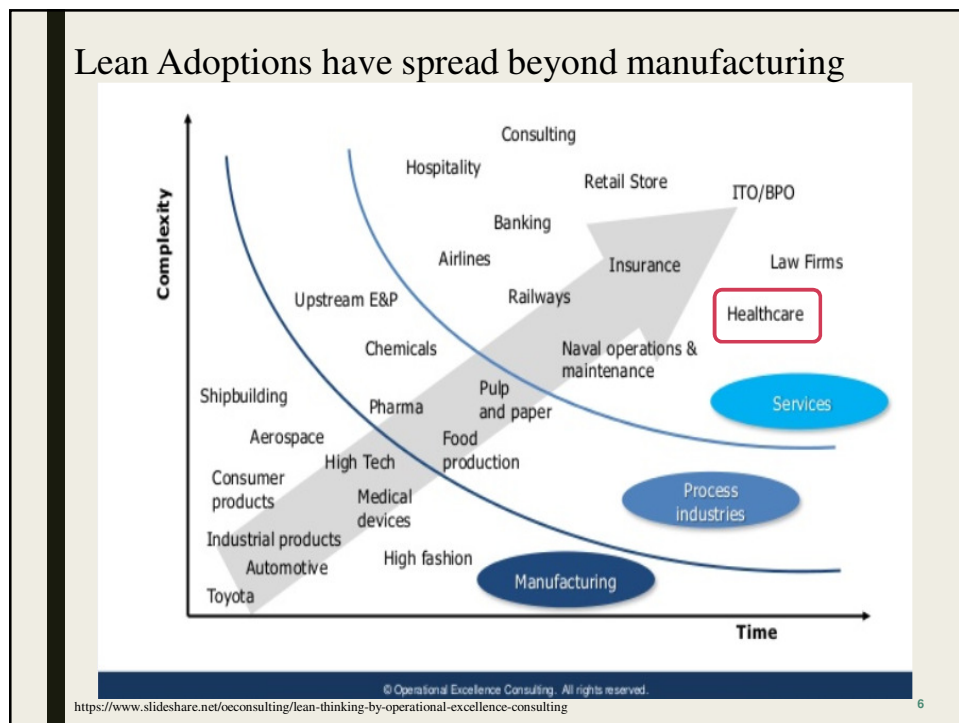
By: Laurie Burney




<http://organiceyourlife.com/wp-content/uploads/2013/04/OYL-The-truth-about-losing-weight.jpg>

History of Lean Manufacturing






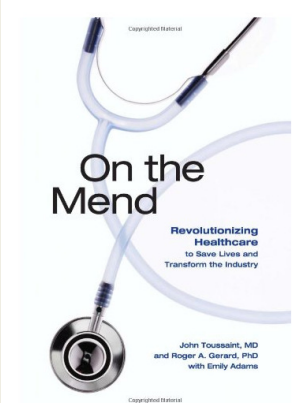


Category	2004 Results (after 2 years of Lean)	Metric	Change from 2002
Inventory	\$1,350,000	Dollars	Down 53%
Productivity	158	FTEs	36% redeployed to other open positions
Floor Space	22,324	Sq. Ft.	Down 41%
Lead Time	23,082	Hours	Down 65%
People Distance	Traveled 267,793	Feet	Down 44%
Product Distance	Traveled 272,262	Feet	Down 72%
Setup Time	7,744	Hours	Down 82%

Source: Virginia Mason Medical Center



Paul Joseph Brown Photography



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Objectives of Lean Enterprise

- Serve Customers
- Accelerate Bottom AND Top Line Growth
- Increase Capacities
- Reduce Inventories

Continuous Improvement

Process Discipline

**Lean
Enterprise**

Waste Elimination

Defect Reduction

Space Reduction

Throughput Time Reduction

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Accounting for Lean vs Lean Accounting

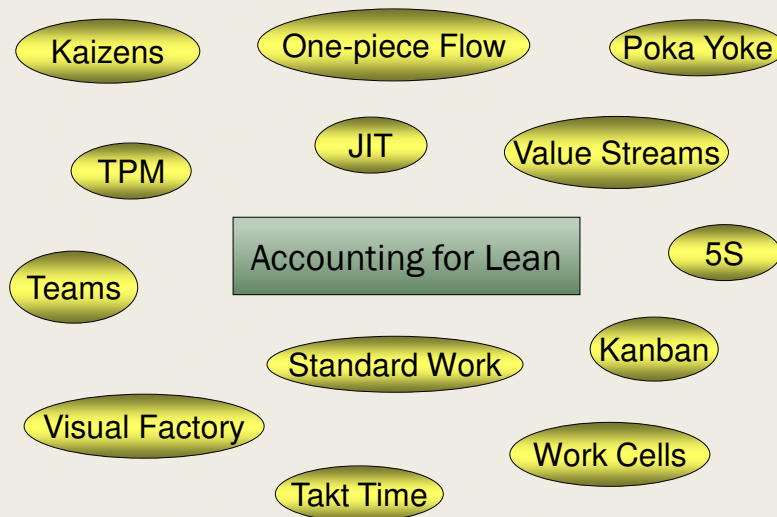
Accounting for Lean:

Scorekeeping for Lean company. Accurate, timely, and understandable information for motivating lean transformation

Lean Accounting:

Use of same Lean tools in accounting department as on the manufacturing floor: e.g., 5S, Value Stream Mapping, Standard Work, Kaizens

Lean Practices (Tools)



Lean Practices (Tools)

Kaizens

One-piece Flow

Poka Yoke

TPM

Teams

Visual Factory

Takt Time



<https://www.industryweek.com/resources/industryweek-best-plants-awards/article/21972652/2015-iw-best-plants-winner-kaizens-key-to-bard-shannons-cultural-turnaround>

Lean Practices (Tools)

Kaizens

One-piece Flow

Poka Yoke

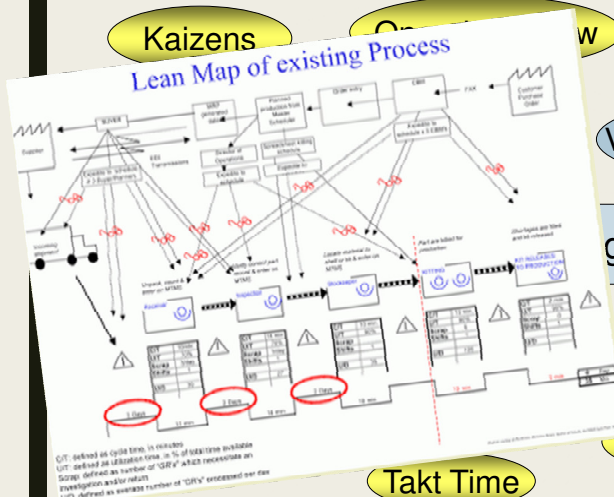
Value Streams

5S

Kanban

Work Cells

Takt Time



<http://www.alcanjourney.com/2011/11/bring-value-to-your-value-stream-map.html>

Lean Practices (Tools)

Kaizens

Lean Accounting

Teams

Standard Work

Visual Factory

Takt Time

Poka Yoke

Microsoft Excel

This value doesn't match the data validation restrictions defined for this cell.

Retry

Cancel

Help

To: Cody Steele

Cc:

The document that you need

This should have the attachment that you needed.

Attachment reminder

You may have forgotten to attach a file

☐ Don't show me this message again

Send

Don't send

Discard

<https://www.goskills.com/Lean-Six-Sigma/Resources/Poka-yoke-examples>

Lean Practices (Tools)

Office Flow

5S

Visual

5S

5S

SEIJI
SORT
SEIRI

SEIYOKU
SUSTAIN
SEISUKU

SEIKETSU
STANDARDIZE
SEIKETSU

SEITON
STRAIGHTEN
SEITON

SEISO
SHINE
SEISO

5S
改善

Visual

Office Flow

5S

5S

5S

<https://www.6sigma.us/kaizen/what-is-a-5s-event/>

<http://organizingeugene.com/how-to-organize-an-office-desk/>

<https://mcjanitorial.com/blog/what-a-messy-office-says-about-you-and-your-business/>

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Lean Practices (Tools)



Muda

<https://www.creativesafetysupply.com/articles/lean-healthcare>

Lean Practices (Tools)

8 Wastes at the Office

Waste Category	Office Examples
1. Overproducing Producing more, sooner or faster than required	Printing paperwork out before it is really needed, purchasing items before they are needed, processing paperwork before the next person is ready for it
2. Inventory Any form of batch processing	Filled in boxes (electronic and paper), office supplies, sales literature, batch processing transactions and reports
3. Waiting	System downtime, system response time, approvals from others, information from customers
4. Extra Processing	Re-entering data, extra copies, unnecessary or excessive reports, transactions, cost accounting, expediting, labor reporting, budget processes, travel expense reporting, month-end closing activities
5. Correction Any form of defects	Order entry errors, design errors and engineering change orders, invoice errors, employee turnover
6. Excess Motion Movement of People	Walking to/from copier, central filing, fax machine, other offices
7. Transportation Movement of Paperwork	Excessive email attachment, multiple hand-offs, multiple approvals
8. Underutilized People People's abilities, not their time	Limited employee authority and responsibility for basic tasks, management command and control, inadequate business tools available

<http://www.aleanjourney.com/2017/02/8-wastes-in-lean-office.html>

Strategic Lean

More than a shop-floor tool

Process improvement should be applied throughout the organization.

Support functions must participate and contribute to the lean journey for it to succeed.



Lean is a total business strategy – It is an organization-wide culture.



<http://leanblitzconsulting.com/wp-content/uploads/2012/03/Planning1.jpg>

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Lean as People-Centric Management

https://blog.zealisc.com/zealisc_blog/people_management/page/15/

<https://www.emeraldar.com/blog/how-to-increase-employee-value-and-its-benefits>

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Does your hospital or organization employ a lean strategy?

① Start presenting to display the poll results on this slide.

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The Role of Finance, HR and IT in Supporting Hospital's Lean Process Improvements

by Burney & Kennedy 2021

American Hospital Association Survey
in partnership with Berkeley University

1,222 Hospitals returned the survey

58% Report having implemented lean practices

68% Nonprofits

78% Members of a network/system

47% Under 99 beds

40% 100-399 beds

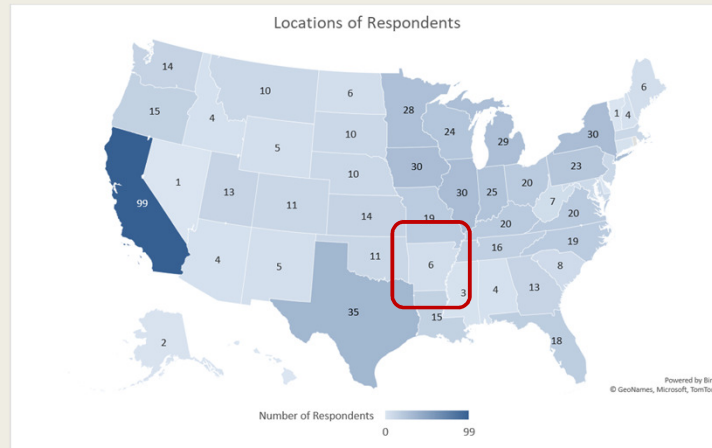


<https://quality.texas.org/wp-content/uploads/2014/11/Lean-in-Healthcare.pdf>

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The Role of Finance, HR and IT in Supporting Hospital's Lean Process Improvements

by Burney & Kennedy 2021



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The Role of Finance, HR and IT in Supporting Hospital's Lean Process Improvements

by Burney & Kennedy 2021

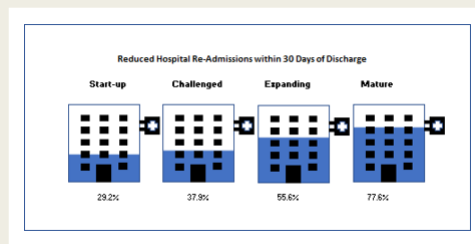
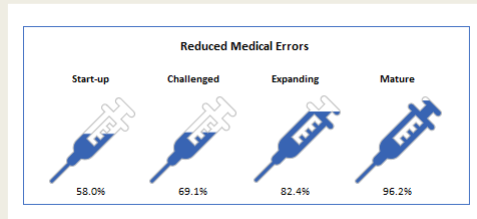
Overall Question:

To what extent have hospitals implemented lean practices? Is it focused only on high impact areas? Or is it systemic, reaching all departments, including the support functions?

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The Role of Finance, HR and IT in Supporting Hospital's Lean Process Improvements

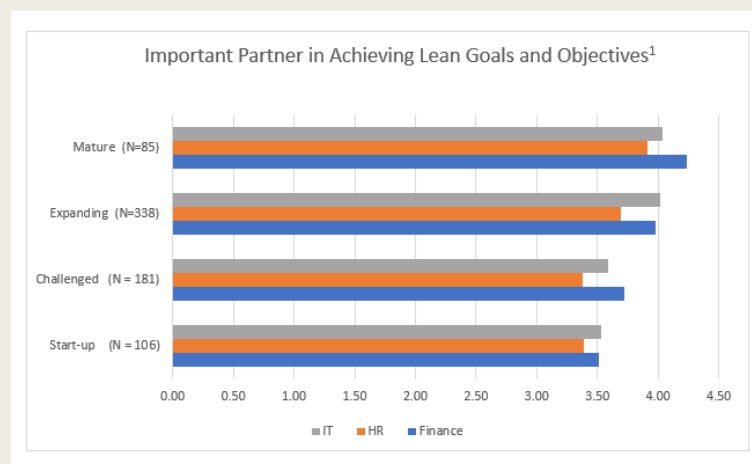
by Burney & Kennedy 2021



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The Role of Finance, HR and IT in Supporting Hospital's Lean Process Improvements

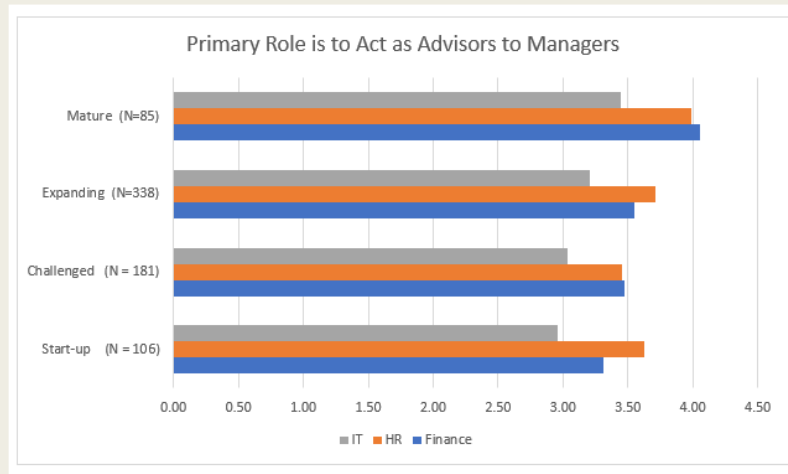
by Burney & Kennedy 2021



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The Role of Finance, HR and IT in Supporting Hospital's Lean Process Improvements

by Burney & Kennedy 2021



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The Role of Finance, HR and IT in Supporting Hospital's Lean Process Improvements

by Burney & Kennedy 2021

Healthcare industry

- Struggle to balance quality care with cost control
- Implementation of lean principles as a mechanism to address the issue
- Importance of lean as a company-wide strategy

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What are the implications for Accounting?



Basic Principles of Accounting for Lean

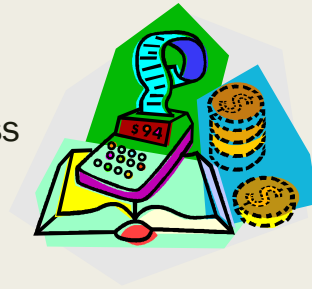
- Enables all to understand and use.
- Supports and motivates lean progress.
- Ensures effective operational and financial controls.
- Eliminates waste in the accounting system.
- Calculates the financial impact of lean.
- Leads to better decisions → better business → better profits
- Doesn't violate GAAP

<https://www.ame.org/target/articles/2016/why-lean-accounting>

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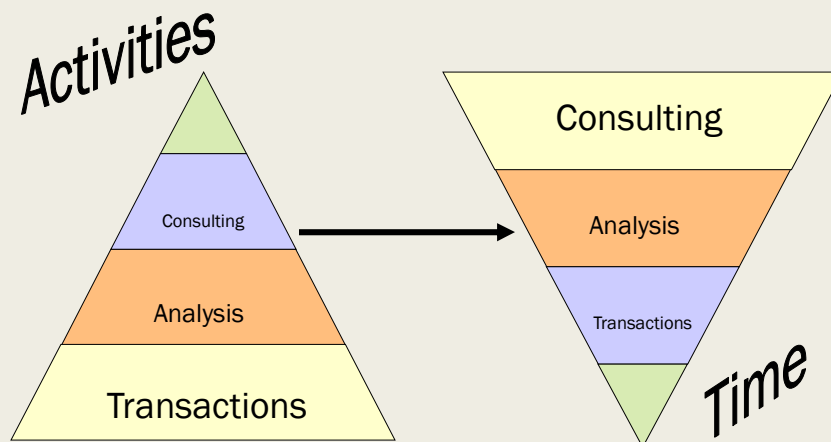
Lean-up Accounting Processes

- Attack Waste
 - *Accounts Payable*
 - *Payroll*
- Implement Standard Work
- Streamline Closing Process
- Streamline the Audit Process
- Reduce Batch Size
- Adopt 5S



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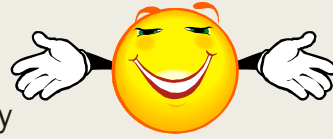
Lean Accounting



Jean Cunningham 2006

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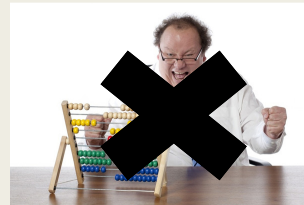
So....Why 'Lean Accounting' ?



- Measures and manages visually
- Focuses on value streams
- Improves decision making
- Motivates continuous improvement
- Simplifies financial reporting
- Eliminates unnecessary, redundant controls
- Applies Lean thinking to accounting processes
- Turns accountants into strategic advisors

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Lean Accounting



<http://www.communicate-blue.com/wp-content/uploads/2013/11/Bean-Counter.jpg>

- Accounting for Lean Principles
 - *Accounting is a process, not just a profession*
 - *Go beyond the numbers*
 - *Transition from cost police to coach*
 - *The first filter is the value to the customer, the decision maker*
 - *Make it accessible for your customer, the decision maker*

Flinchbaugh & Carlino 2006

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<https://twitter.com/MGMMarius/status/513595038132346881/photo/1>

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Quote to Remember

"Not everything that can be counted counts, and not everything that counts can be counted."

– *Albert Einstein*



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Lean Laughs



Lean Coordinator nightmares.

www.leansystems.org

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QUESTIONS?



<https://upcloseteam.mykajabi.com/blog/you-only-get-answers-to-the-questions-you-ask>