

## Total Service Management Equals Big Savings

# A Global Initiative: As Administration and Service Industries go Lean

**From Sebastian Reimer**

Over the years KAIZEN projects have primarily focused on improvements in production areas. However the potential to increase productivity is, in most of the cases, limited to 3 - 5 %. In administration and service sectors meanwhile efficiency can be increased by 30 - 40 %. The TSM methodologies enable people to eliminate waste whilst simultaneously gaining the capacity to work more creatively.



Sebastian Reimer,  
KAIZEN Institute  
Consulting Group Ltd.,  
IT-Manager Global

Most companies initially applied the KAIZEN principles on the shop floor and then continued into administration areas, sometimes many years later. More recently this has evolved and now KAIZEN is generally implemented in all areas concurrently. KAIZEN causes a shift in

a company's culture, therefore it is essential that all departments and employees, including external process members such as freelancers and suppliers, are involved.

Currently there is a real surge of 'Lean Office' activities. Total Service Management has been introduced into insurance companies, health insurance funds, phone companies and public authorities worldwide. A good example of the holistic implementation of KAIZEN is in Mauritius where the government have chosen to practice KAIZEN throughout

the whole country. For example, hospital staff and government clerks eliminate waste and work on process improvement. In addition, one aim of this initiative is to reduce waiting time for arriving tourists at customs. In schools children learn about muda and how to reduce it. In this edition of KAIZEN Forum we will share examples of KAIZEN best practice from all over the world.

Of course, at the KAIZEN Consulting Group we practice what we preach. Our office headquarters in Zug/Switzerland and the German Office in Bad Homburg are prime examples of efficiency and administrative flow. Customers are welcome to visit us and see firsthand best practice in KAIZEN Office 'live'. Worldwide internal training provides international standards. ■

## Topics

**Total Service Management (TSM) equals big Savings**

**Total Service Management grows 'down under'**

**Portugal: Improvement in Health Service**

**Total Service Management and Hospitality by Paul Xanthopoulos**

**TSM and Service Industry Seminars in USA**

**Masaaki Imai spreading the KAIZEN Message in Europe**

## Best Practice: KAIZEN Office Germany



Efficiency in Administration and Service

**Total Service Management grows ‘down under’**

2008 has been an exciting year for KAIZEN Institute New Zealand (KINZ) with the team doubling in size from three to six full time employees. David Jicha & Junet Van Schalkwyk joined the team in February and April respectively, with Kimball Fink-Jensen joining in September as the first agency. One of the major

factors in this growth strategy was the development of Total Service Management (TSM) within both the overall NZ market and KINZ clients. In addition, the launch of the Kaizen College has also created further opportunities for the team.

KINZ has always been active in all sectors of industry, however with the excellent opportunities in service industries, TSM has been a major initiative we have focused on this year. In order to help establish TSM and Kaizen College,

Sebastian Reimer from the global team visited New Zealand in May. Sebastian worked with the team to ensure all the TSM and Office Live materials were available and developed a plan for the team to integrate the methodologies into their operations.

Sebastian also visited our Tertiary Distance Education client, The Open Polytechnic of NZ, helping to plan a major implementation of TSM within the core student processes of enrolment, assessment and student services. Thanks to the impetus generated by Sebastian's visit, a successful three month TSM implementation with the Open Polytechnic of NZ was initiated, which when completed will become best practice within the tertiary education sector and an excellent case study for future TSM clients alike.

As 2008 begins to draw to an end, the team look forward to next year with many TSM opportunities already planned, including prospects in Banking, Insurance, Education and other customer centric organisations. ■



**The KAIZEN Team of New Zealand and their customers enjoy eliminating waste from the office and making the process flow. Left: The team, Right: Sebastian Reimer from Germany at the customer, Open Polytechnic in Wellington.**

Improvement in Health Service

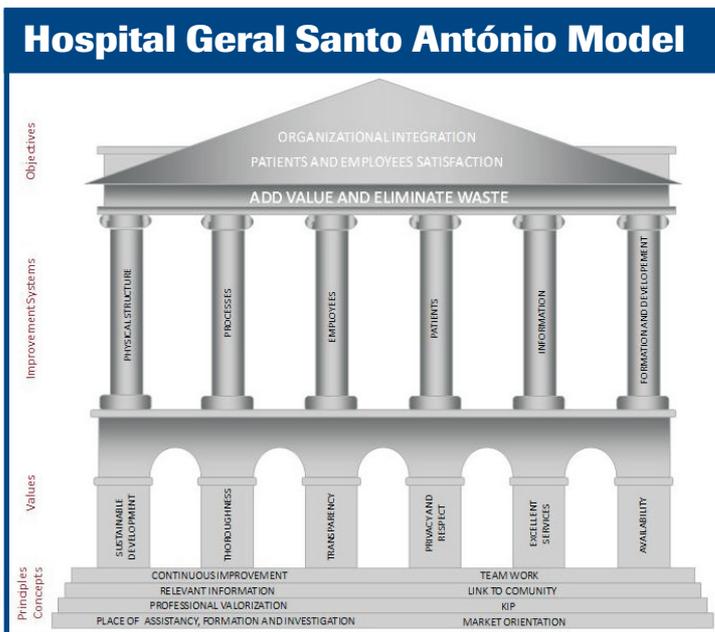
**KAIZEN helps to reduce costs and satisfy patients**

KAIZEN Institute Portugal has been working with hospitals since 2004. Antonio Costa, Consultant, reports on initiatives and achievements at Hospital Geral Santo António (HGSA):

Top hospital executives realized that a lot of their capital was tied up in stock and warehousing. A shorter product life cycle and an exponential rise in the variety of goods created higher costs and increased the complexity of the hospital supply chain. The situation demanded that future investments were utilised wisely. It was decided to completely overhaul the supply chain from supplier to the final client (patient). The KAIZEN project reduced stock by more than 30 % through TSM and TFM implementation and financial services now have five million Euro freed up and available for use on

patient care. The HGSA mission focuses on 'Patient Service Excellence'. With this in mind, HGSA management identified the 'doctor appointments process' as a new KAIZEN project with the objective of decreasing lead time between the appointment

planning and its conclusion, less waiting for information and increased productivity in patient support activities. Lead times are predicted to decrease from 27 days to 7 with the additional release of 10 employees. In the near future



we will start two further projects, one in medication logistics (similar to the one developed for the clinical material), the other in the surgical area. The goal will be to increase productivity and reduce the long lists of patients waiting for surgery. ■

## Loyalty is Contagious:

### **As your people become infected... so will your guests!**

The methodology and delivery of KAIZEN's Total Service Management, whether in the healthcare, insurance, or hospitality industries must be completely ingrained into the psyche of the consultant, coach or teacher. It is also critical that every team member be an integral part in supporting the consultants and must be in tune with the company's overall mission.

Service at any level must include total commitment, respect, empathy, and an unwavering belief in what we are delivering to our clients/customers, which is reflected in our body language, facial expression, smile and hand shake. Your eye contact, your attitude, and your ability to break away from preoccupation, tuning the world out, and the customer in will have a positive impact on the end results. This cannot be explained with logic, it all comes together emotionally and sincerely, in the first five-second window of opportunity we are given by our customer. We must extend ourselves and embrace the opportunity to maximize on a potential long-term relationship with our customers. True service is not a strategy. It is the delivery of passionate and spontaneous intent. Service in any industry is about breaking the traditional rules. To take service experience to the next level is the difference between:

? 'Going through the motions' versus 'thinking for yourself'

? Taking ownership

? 'Knowing it' versus 'doing it'

? 'Learning it' versus 'living it'

Satisfied customers can and will very often spend their money anywhere.

However, loyal customers will fight before they switch and will proactively refer others to our company.

Loyalty is not something that is given away for nothing, like respect it must be earned. Loyalty doesn't happen overnight, it needs to be earned day by day

## **Expert in Hospitality**



**Paul Xanthopoulos, author of this article, is Director Hospitality Services at KAIZEN Institute Consulting Group Ltd. His motto: "Embracing the opportunity to please".**

Likewise, loyalty doesn't disappear all at once, it can erode day by day. Customers are moving targets, their expectations and goals shift and evolve. Services must be flexible to adapt and exceed the customer expectations. We must strive to maintain flexibility in how we treat each individual. That is even more complex because we must be ready and trained well enough to identify the mood, desire, and the need of a guest walking in our hotel, restaurant or other venue. There are strong links in the profit chain as it relates to customer loyalty - profitability. The signs are clear for companies who understand the following guidelines:

- ? Employee satisfaction
  - ? Employee capability
  - ? Employee productivity
  - ? Employees ability to deliver value to customers/guests
  - ? Guest/customer loyalty
- Employee capability is built by selecting

the right personnel, giving them full training support, latitude and rewards, which promotes job satisfaction. When employees enjoy their work and believe they are making a difference, they are more likely to stay longer, become more productive, loyal and knowledgeable.

Employee loyalty creates greater guest satisfaction. Customer satisfaction breeds customer loyalty, and in turn they become your biggest referral source. The cause and effect relationship in customer loyalty and profitability is huge. KAIZEN Institute helps companies to implement the levels of service that delivers real value added results and loyalty.

Fact: The smallest percentage of a company's most loyal and valuable customers can amount to more than 50% of total profitability (Harvard School of Business).

Most companies today don't work hard enough to develop long term relationships with their customers.

Marketing and huge efforts are dedicated to gaining a bigger market share. The management spends millions of marketing and advertising dollars to get more customers when in reality most will lose money on bad quality of product and service.

Meeting and exceeding expectations requires extensive training programs to teach all personnel the necessary skills that help them provide transformational service experiences. ■

## **Know-how and Mindset make the Difference**



**Most service providers fail to pay attention to the cause and effect of customer complaints. In many cases problems are due to complete disregard of the continuous improvement mindset from the top down. In this difficult economic conditions that we are facing today, KAIZEN Institute is uniquely positioned to offer support that can make a big difference in process efficiency, flow and service quality.**

## TSM and Service Industry Seminars in USA



There are two series of seminars coming up in Phoenix, Arizona in the first quarter of 2009. One is Total Service Management (TSM) February 23 to 25 and you have the chance to gain know-how from real experts; Sebastian Reimer (Germany), Richard Steel (New Zealand) and Lou Mendez (US). Second is KAIZEN Manager for Service Industry (KAIZEN practitioner Certification Series), led by Paul Xanthopoulos (US) and Jorge Barron (US). This consists of three modules of two half-day program; Jan 26/27, Feb 25/26 and Mar 16/17. Our CIO, Udo Reimer (Germany) also takes a part of the module in February. If you are in Hospitality Industry, please view our short presentation on how we could assist Hospitality Excellence at [www.kaizen.com/hospitality](http://www.kaizen.com/hospitality). For any inquiry, please visit [us.kaizen.com](http://us.kaizen.com) or call +1 800 801 2346.

College

We train your employees in KAIZEN, TPM, JIT, total service management, value stream design, total flow management.

Qualifications available: KAIZEN Practitioner, KAIZEN Coach and KAIZEN Manager.

We offer Benchmarking with world class companies

More information, schedule and price list available from our service hotline:

+41 (0)41 725 42 84  
[www.kaizen.com](http://www.kaizen.com)

### Masaaki Imai

## Processes, Cost and Quality under Control with FSL

In November 2008 Masaaki Imai was a keynote speaker at two conferences: 'Lean Production' in Vienna/Austria and 'KAIZEN 2008' in Zurich/Switzerland. He introduced the means for companies to become lean: flow, synchronisation and leveling (FSL).

His message was, that the traditional production system, relying on sales forecasting, will not be able to succeed with increased global competition. Only companies who create a one-piece-flow will be able to survive. This transition from traditional production systems to lean will take about ten years. Lean

means eliminating waste and increasing value adding activities.

"Go to gemba (shop floor) and have a good look" is the advice from Masaaki Imai to managers. They should support their people on the shop floor. "Everything that happens at gemba is the result of what happens in the boardroom. Gemba is a mirror of the quality of top management." For Imai the commitment of top management is the most important element in a company's success. "KAIZEN should be in the air, this means 'every day, everybody and everywhere improvement.'"

The audience learnt that KAIZEN is a whole corporate strategy, not only small improvements. Total flow causes dramatic improvements, the reason being

that every individual has a chance to improve quality. 100 % inspection is possible.

Minimizing the flow is based on synchronisation. Takt time is the voice of the market. To realize pull flow standardisation is as important as 5S. Good house-keeping is the foundation for managing processes. Lean production is a kind of cash flow management, there are different ways to create this flow. Management should choose activities which are most relevant to the current situation. Problem solving begins at the bottleneck, removing these bottlenecks results in instant visible success. However, a false start with KAIZEN activities can cause a loss of confidence and motivation for employees. ■

## Masaaki Imai spreads the KAIZEN Message



Participants in Vienna (left) and Zurich (right) were very interested to learn about KAIZEN from Masaaki Imai. Gemba visits to companies were organized to view best practice in action. In Switzerland Masaaki Imai visited Alcan Packaging Kreuzlingen AG (middle).

**IMPRINT**

Publisher:



**KAIZEN**<sup>®</sup>  
INSTITUTE

KAIZEN Institute  
Consulting Group Ltd.

Bahnhofplatz  
CH-6300 Zug

Tel. +41 (0)41 725 42 80

Fax +41 (0)41 725 42 89

info@kaizen.com

Editing: Sabine Leikep

