

## This Is Lean: Resolving the Efficiency Paradox (*Niklas Modig and Pär Åhlström*)

### Sample Index

Italicised page numbers refer to material that is in a diagram, table, or illustration, but not directly discussed in the surrounding text.

- abstraction levels
  - 'lean' definition and 86–90, 126
  - of processes 29–30
- airline industry examples
  - flight boarding (long throughput times) 32, 35, 39
  - Ryanair (low-cost strategies) 109
  - Virgin Atlantic (redefining processes) 23
- bathroom company example (increasing flow and resource efficiency) 112–113
- bottlenecks 37–40
- Bowen, H. Kent 79
- build-to-order production 70–74
- business strategies 106–107
- call centre example (poor flow efficiency) 55–56
- car servicing examples
  - Toyota (improving flow efficiency) 118–123
  - Upplands Motor (meeting indirect needs) 26
- clothes organisation metaphor 155–156
- conference arrangement example (generation of superfluous work) 49–50
- continuous improvement 80, 151–153
- cost-focused businesses 9, 107, 109
- customer experience, indirect needs and 25–26, 27
- customers *see* flow units
- cycle times 34–37
- demand, variations in 100–102, 103–106
- differentiation 107, 112–113
- direct needs 24–26
- Disney theme parks example (meeting indirect needs) 26
- division of labour 9, 160
- dynamic vs static goals 150–153
- economies of scale 9, 76
- economies of scarcity 69
- efficiency *see* flow efficiency; resource efficiency
- efficiency frontier 103–106
- efficiency matrix
  - choosing target position within 106–109, 115
  - explanation of 98–100
  - improving position within 109–115, 118–123
  - variation as limiting factor 100–106
- efficiency paradox
  - causes of inefficiency 48–57
  - generation of superfluous work by inefficiency 58–64
  - solutions 64–66
- efficient islands 58–59, 98, 99
- efficient oceans 98, 99
- email overload 52
- emergency services 25, 105, 109
- employees, efficiency paradox and 52–53, 55–57
- Evolution of a manufacturing system at Toyota, The* (Fujimoto) 78–79
- failure demand 163
- fishing metaphor (continuous improvement) 153
- 5S method 143
- flexible resources 102
- flow efficiency
  - calculation of 13–15, 20–22, 26, 28
  - definition of 5, 13, 26–28, 27–28
  - examples
    - choosing to lower flow efficiency 114
    - high flow efficiency 3–4, 5, 12, 13–15, 27
    - improving flow efficiency 110–114, 118–123
  - impediments to 38–44, 48–57, 63–64
  - improvement of 44–46, 64–66, 110–114, 118–123
  - 'lean' and 66, 117
  - resource efficiency, combination with 45, 98–106, 112–114, 125
  - resource efficiency, comparison to 14–15, 20–22
- flow units
  - maintaining buffers of 36
  - seeing from perspective of 13, 19, 20–26
- fragile production systems 77
- 'fruit' levels 86–88
- Fujimoto, Takahiro 69, 78–79
- genchi genbutsu* (part of The Toyota Way) 80
- hairdresser example (calculating flow efficiency) 28
- handovers, as source of inefficiency 55–57
- healthcare industry examples
  - high flow efficiency 3–4, 12–15, 18, 27, 36–37
  - high resource efficiency 1–3, 8–11, 14–15, 48–49, 59
- hotel industry examples
  - choosing to lower flow efficiency 114
  - high flow efficiency 109
- indirect needs 24–26, 27
- inefficiency *see* efficiency paradox
- internet retailer example 110–112
- inventory, efficiency paradox and 51, 52
  - see also just-in-time*
- jidoka* (visibility and awareness) 68, 132, 134, 142–143
- Jones, Daniel T. 77–78
- just-in-time* 68–69, 70–72, 132, 134, 142–143
- kaizen* (continuous improvement) 80
- Kingman's Formula 42–44
- Kracik, John 76–77
- 'lean'
  - books and articles about 76–83, 164–166
  - definitions of 123–124, 126, 127, 149–153
  - problems with popular definitions of 85–95
  - implementing 118–126, 139–145
  - objectives of 92–95, 127
  - origin of term 76–77

- (*'lean' continued*)
- principles for
    - jidoka* (visibility and awareness) 68, 132, 134, 142–143
    - just-in-time* 68–69, 70–72, 132, 134, 142–143
    - role of principles 131–135, 138, 140, 142–143
  - problems applying
    - focusing on methods or tools 87–92, 126, 129
    - setting trivial objectives 92–95, 126
    - Toyota's philosophy 129–139
  - Lean thinking* (Womack and Jones) 78
  - Little's Law 34–37
  - luxury industries 109, 114
- Machine that changed the world, The* (Womack et al) 77–78
- manufacturing industries 113–114
    - see also* Toyota Motor Corporation
  - methods
    - appropriate role in lean operations strategies 137–138, 139–140
    - methods to improve flow efficiency 143
    - overemphasis on 87–92, 126, 129
  - needs
    - identifying 24–26
    - proliferation of (*see* superfluous work)
  - objectives of 'lean' 92–95, 127
  - Ohno, Taiichi 76, 124
  - operations strategies
    - 'lean' defined in terms of 123–126, 149–153
    - vs business strategies 106–107, 108
  - opportunity cost 10, 49
  - perfect state 98, 100, 108–109
  - prices, efficiency choices and 112–113, 114
  - principles for 'lean': *see* 'lean': principles for
  - processes
    - how to define 19–20, 22–23, 29–30
    - importance of to flow efficiency 17
    - throughput times of 34–44
  - productivity *see* efficiency paradox
  - pull systems 70–74
- receipts example (generation of secondary needs) 59–63
- resource efficiency
    - calculation of 10, 20–22
    - definition of 7, 10
    - dominance of 9, 15–16, 47
    - efficiency paradox
      - causes of inefficiency 48–57
      - generation of superfluous work 58–64
      - solutions 64–66
    - examples
      - focusing on resource efficiency alone 1–4, 8, 9, 48–49, 55–56, 109
      - improving both flow and resource efficiency 112–114
      - switching focus from flow to resource efficiency 114
    - flow efficiency, combination with 45, 98–106, 112–114, 125
    - flow efficiency, comparison to 14–15, 20–22
    - impediments to 42–44
- (*resource efficiency continued*)
- principles of 9–10
    - waiting times and 36–40
  - resource scarcity 70–74
  - resource utilisation 9–11, 20–21, 99
  - respect (part of the Toyota Way) 80, 141–142
  - restarts, as source of inefficiency 54–57
  - robust production systems 77
  - Roos, Daniel 77–78
  - Ryanair example (high resource efficiency) 109
- Scania 143
  - scarcity 70–74
  - scientific management 161
  - secondary needs *see* superfluous work
  - service industries
    - applying 'lean' to 88–90, 144–145
    - defining flow units in 13
  - Spear, Steven 79
  - standardisation 135–136
  - start-up company example 110–112
  - static vs dynamic goals 150–153
  - strategic choices 106–109, 115, 123–125
  - superfluous work
    - causes 48–57
    - generation of secondary needs 58–59, 63–64
    - examples 49–50, 59–63, 110–112
    - solutions 63–66
  - supply, variations in 102–106
  - system boundaries 22–23
- teamwork (part of the Toyota Way) 80, 141–142
- throughput times
    - calculation of 34–35
    - factors increasing 36–44
    - flow efficiency and 26–28
    - how to define 22–23
  - throughput time vs utilisation 43
  - tools for 'lean' 139, 140, 143–144
  - Toyoda, Eiji 76
  - Toyoda, Kiichiro 68–69
  - Toyoda, Sakichi 68
  - Toyota Motor Corporation
    - car inspection example 118–123
    - continuous improvement at 153
    - history of 68–69
  - Toyota Production System (TPS)
    - books and articles about 76, 77–78, 79, 80–81
    - explanations of by employees 129–139
    - jidoka* (clarity and visibility) 68–69, 70–72, 132, 134, 142–143
    - just-in-time* 68, 132, 134, 142–143
    - waste, elimination of 73–74
  - Toyota Production System: beyond large-scale production* (Ohno) 76
  - Toyota Way, The 80, 81
  - Toyota Way, The* (Liker) 80–81
  - Toyota Way, The* (Toyota Motor Corporation) 80
  - transparency *see jidoka*
  - turnaround times *see* throughput times
- Upplands Motor example (meeting indirect needs) 26
- utilisation of resources 9–11, 20–21, 99
  - utilisation vs throughput time 43
- value-adding activities 23–28

value-adding time 13, 14–15, 26, 27  
values for 'lean' 130–131, 138, 140, 141–142  
value stream mapping 143  
value transfer 20–21, 27–28  
variation, effects on efficiency 39–44, 100–106, 125  
Virgin Atlantic example (redefining processes) 23  
visualisation *see jidoka*  
visual planning boards 120, 144

waiting times, and resource efficiency 36–40  
waste, types of 73–74  
wasteful activities  
    definition 24  
    elimination of at Toyota 73–74, 118–123, 143  
    *see also* superfluous work  
wasteland 98, 99–100, 108  
white-collar employees, efficiency paradox and 53  
Womack, James P. 77–78