

BREAKING BOUNDARIES

for Operating Excellence



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Employee Productivity ...
Stop the non-value added time/activities

Issue: 149

Goal

To increase the percent of time employees spend adding value to an organization (doing the right stuff efficiently) and reduce non-value added (wasted) time. This represents an enormous opportunity for improving employee productivity.

Time ... a critical performance variable

The consumption of time in the workplace is a critical performance variable that few organizations begin to properly measure. Oh yes, we all measure employee productivity as some level of output per paid hour worked (including salaried hours). That's good, but incomplete. We seldom dig deeper to isolate the massive (and I mean massive) number of wasted (non-value added) hours spent in our organization. Remember, hours wasted can never be recovered!



Concept of the Value Delivery System ... let's start here

The Value Delivery System ... Every day as employees enter their workplace, they enter the organization's value delivery system. When employees leave work for the day, they exit the organization's value delivery system ... quite simple.

Assuming a classic 8 ½ hour day (1/2 unpaid hour for lunch) the objective is to have employees add value to the organization for as much time as possible ... again, quite simple. After all, employees are being paid for 8 hours, they should be adding value for as much time as possible.

Some Basic Definitions

Value added is the amount by which the dollar value of a product (including raw materials and minerals) increases as it proceeds through the various stages of its processing, manufacturing and distribution.

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Value added time is time directly spent on increasing the value of a product (including raw materials) as it proceeds through the various stages of its processing, manufacturing and distribution.



Value added activities are those actions efficiently, effectively, and directly related to increasing the value of a product as it proceeds through the various stages of its processing, manufacturing and distribution.

In the case of the support functions (maintenance, accounting, quality, human resources, IT, etc.) value added time/activities are directly focused on supporting, in a meaningful way, those people and systems engaged in the processing, manufacturing and distribution of a product.

Real-World Results

Our consulting firm has trained over 2000 Performance Improvement Teams and has introduced the notion of the “value delivery system” and “value added time/activities” to many training participants.

Once employees on the Performance Improvement Teams were given solid examples of value added time/activities as well as examples of non-value added time/activities they were asked to estimate the percent of the day employees in their work area or department were engaged in value added time/activities.



The result were (in many cases) embarrassing, but revealed an improvement opportunity that must be captured. The results of value added time/activities fell in the range of 40% to 80%, with an average hovering around 65% (extreme data points were eliminated). Stated simply ... approximately 35% of employees' time was non-value added or wasted. The recklessness of wasted, non-value added time permeates all organizations and at all levels.

Examples of Non-Value Added Time/Activities

The examples below signify just a drop of water in the ocean of wasted time:

- Waiting for materials to be brought to production/processing work centers
- Extending breaks and lunch periods
- Time spent doing personal work on the computer and on personal phone calls
- Spending time searching for materials, tools, supplies, information, etc. that are not in their proper location
- Arriving at the work center late and leaving the work center early
- “Over socializing”... some socializing is good and organizationally healthy
- Maintenance employees making numerous trips to get the right repair parts and tools
- Attending a training session and never using/ or be allowed to use the information/skills presented

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- Knowingly producing “off spec” product just to make the production goal
- Arriving at a meeting on time and then waiting (and waiting) for the meeting to start
- Aimless wandering of certain employees throughout the operation, but executed at a pace that causes observing leadership to think otherwise
- Equipment failures causing idle time
- Bottlenecks of all sorts (mining, manufacturing, distribution, administration, etc.) that create dead time
- Waiting for approvals or direction from leadership
- Looking busy and accomplishing nothing
- Waiting for assistance from various support functions
- Correcting inaccurate information provided by others (e.g., time cards, production reports, purchase requisitions, inventory levels, budgets)
- Performing a task (and performing it efficiently) that does not need to be done
- Repairing something twice because it was not repaired properly the first time



- Two employees doing a one person task
- Supervisors not having value added work for their team and then telling employees to “go find something to do and look busy”
- Engaging in rework...this one is huge
- Doing a great job preparing a report only to find out someone else is producing the same report

And the list is endless!

Call to Action ... basic steps to improve

Denying the problem of wasted time is a diversion and, in itself, is a non-value added activity.

Assuming your organization has some form of Performance Improvement Team(s) in place the process of reducing non-value add time is rather simple.

If no structured team is in place, gather employees in a work area or department (managers, supervisors and operations/production/maintenance). This ad hoc group must be open, honest and willing to discuss “fragile” topics in a very objective manner.

Explain the concept of the value delivery system

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and value added vs. non-value time/activities.

Provide specific examples of value added time/activities and non-value added time/activities to get the discussions moving in the right direction.

Ask the hard questions:

- What percent of the day are employees in their department adding value to the organization?

List the examples of non-value added time/activities that occur in the department on a flip chart.

- Ask the team to rank the examples in order of frequency (What example occurs most often?) and then rank the examples in order of total non-valued time per occurrence (What example has the greatest non-valued added time “wasted time” when it occurs?)
- Follow a well-defined problem solving process.



Bovino Consulting Group can help design, develop and train your Performance Improvement Teams and provide you with an effective problem solving process.

Vime

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