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LEAN OFFICE CONCEPT
Implementation in R-Pro Consulting Company

Bachelor's Thesis
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CONTENTS

1 INTRODUCTION

The first time I heard about the lean concept was during one of my courses during my semester abroad in Germany. Back then the topic seemed interesting but very little of my attention was paid to it. Later, as I was interning in R-Pro Consulting, I had to face it again and, luckily, there was a great chance to deeply explore the subject – to write a bachelor thesis about it! So, a decision was made to write an improvement plan for the training company. I was going there every day and seeing all those small imperfections that appeared obvious to me, and which were incompatible with the company that is selling business improvement trainings. So, I offered my manager to write an improvement plan for the company, he agreed, and this is how it all started.

The topic 'Lean Office Concept: Implementation in R-Pro Consulting Company' is up-to-date, as nowadays customers are much more informed about product development processes. They easily understand when a good is overpriced and are not happy if it is; but product's overpricing is not always a part of the profit maximization strategy. Companies are sometimes making needless efforts which are later compensated by the higher pricing. This is where the lean methodology is helping, as it focuses on the reduction of costs through an inner efficiency improvement.

The research is aiming to serve as a lean path for the case company and, perhaps, for other organizations in the same business field. The deployment of the guidelines described in this work will improve the company's business processes and, therefore, make it more effective and more competitive on the market.

On the other hand, I am benefiting from the thesis myself as now I can say that I am an expert in the lean topic. That is a great advantage as far as career is concerned: cost reduction methodologies are on top of popularity as today everyone is seeking ways to raise efficiency together with cost cuts.

The bachelor thesis has two main objectives: 1) Study what Lean Office is in terms of the business methodology, and 2) Finding what is the current situation in R-Pro Consulting and how can it be improved using the lean office concept.

The abovementioned objectives are achieved through theory exploring, which is followed by the case company description, my personal research, and finally the draw of the guidelines for the organization.

When reading this paper, you will notice that there is no financial data analysis in it. This was a condition from the company that no access to financial information will be provided during the research. Luckily implementation of Lean Office methodology is low-dependent on the numbers.

The second condition was to exclude IT, Accounting and International Relationships units from the analysis because they work according to their specially developed programme.

Despite the restrictions, I did my best to provide a deep research on the subject.

Hopefully, whoever reads the research will enjoy it and find the information useful!

2 THEORETICAL BACKGROUND OF LEAN OFFICE CONCEPT

Before starting this chapter it should be stressed that the work is written basing on numerous books, internet sources, and internship, so it is a unique summary of the knowledge. Thus, material summarized in this research can differ from what might be found in other sources. Furthermore, no official summary of Lean Office concept exists, what causes dissimilarity in description.

2.1 Definition of Lean Office

Lean, in business context, is a ‘philosophy’ that helps companies to bring value to consumers faster and better by doing the same processes smarter than before.

What is Lean Office? Various definitions of it are provided in different sources; they could be summarized as follows:

Lean Office is a methodology, which focuses on business improvement by concentration on elimination of all the waste in business processes. (What is lean manufacturing? [referred 02.2012]). Major goals of better processes understanding and profit improvement are achieved mainly by using the resources that a firm already has. Lean Office concept is mostly applied in the production sector businesses but it can as well be practiced in the service sector firms.

2.2 Lean Principles

As defined by 'Lean Enterprise Institute' (Principles of Lean), there are five core lean principles which need to be followed to successfully implement lean techniques:

1) Value has to be estimated from the customer's point of view.
2) Clear steps of value stream have to be defined in order to eliminate extra steps that only create waste.
3) Steps of the value stream are in tight sequence leading directly to the customer.
4) When the value flow is ready, customers are pulling the value from the next upstream activity.
5) When four principles are implemented, the company starts the process from the beginning and repeats it until perfection is attained, which means that no waste is left.

There are also several points that are also an inherent part of Lean Concept and have to be considered just as seriously as the original five core principles. Firstly, Lean has to be applied on a daily basis with no intervals in between as it is only bringing true value when used sustainably. The company has to evolve on a constant basis. (Leanconcepts.eu) Secondly, Lean supposes a change in the corporate culture and the way of employees' and management thinking - otherwise no long-term results can be achieved. So, each member of staff has to be involved in the process. (Aitken, referred:[14.03.2012]. Thirdly, the use of resources is strictly managed: firm has to learn how to handle processes with what it already has, rather than by attracting external resources. Moreover, Lean Concept acts in the interest of all the main stakeholders, including employees. What is more, customer has to be relieved from paying for the company's poor management. Final principle is that applying the Lean Concept does not mean a total change - good existing practices are to be enhanced, not dropped out. ('A new approach to transformation processes, 2009)

2.3 Lean tools

The paragraph 'Lean Tools' is based on the Chapter 5, Chapter 6 and Chapter 7 of Don Tapping (2012, 135 - 195) 'Lean Office. Demystified'.

Lean methodology has a set of tools that are strongly associated with it. The most common techniques for a Lean Office implementation are Kaizen; 5S; Standardized work; Kanban; Value Stream Mapping; and Key Performance Indicator.

Other tools applied by Lean are as important as the abovementioned ones. Each company has to make their own core Lean tools list depending on their needs because it is the right combination of tools and management's effort that matters in reaching the success of Lean.

2.3.1 Kaizen

Continuous improvement, or Kaizen, is a strategy for a company which implies that employees and management are proactive and work in a team. Moreover, Kaizen is a philosophy that says that improvement has to be reached by the creation of a corporate culture with united employees that believe in and act for the improvement of their company. The actions that are made under Kaizen philosophy are termed as 'Kaizen events'.

Kaizen event typically consist of three parts. First step is planning. We list and define processes that need to be improved, and find people who fit best for the improvement activity and methods that will have to achieve the goal. The second step is a practical Kaizen seminar, bringing people together, brainstorming and making first steps. The final step is reporting to the management and continuing improvement actions started during the Kaizen event.

2.3.2 5S Tool

5S is a tool that is used for the improvement and organization of the working place and environment. The 5S system creates conditions in which employees can contribute to Lean Office creation.

The method is called '5S' because it consists of five steps: sorting, setting in order, shining, standardizing and sustaining.

The 'sort' step is about deleting and throwing away useless items from the target zone. Items that are thrown away are those that were not used for some period of time (for example, during the last three weeks or three months) and are not intended to be used in the future.

The idea behind ‘set in order’ is that every thing has its own place! Sadly, many companies forget about this simple principle. As a result, the office is disordered and it takes time before necessary documents are found. Lean Office cannot afford such waste, so every item has to have its place. Special cupboard, shelves, folders can be used to bring order in the office. Each storage piece has to be marked with a label to ease the process of items distribution.

Lean is impossible without cleanness. During the ‘shine’ step office is cleaned from dust up to carpets.

‘Standardize’ step is executed by introduction of a set of rules that ensure order and cleanness in the office.

During ‘sustain’ step a discipline is developed: people’s culture is changing and they adjust to new rules.

2.3.3 Standardized Work

Standardized work is more a working method rather than a tool. It includes the description of a workstation, tools, equipment, standards and quality, time, skills, and the sequence of actions required to fulfil the task successfully.

The goal of standardized work is to document a process that consists of a set of actions that are defined as best practice. The use of standardized work method decreases variability in the process; prevents mistakes; makes it easier to train new staff; and it also serves as a base for continuous improvement.

Documentation is regularly updated and new, better techniques of doing processes are described instead of previously recorded ones.

2.3.4 Kanban

Kanban is a tool for management and visual control of the flow. It can be a card, device or any other visual mean to signal about the processes’ need in extra work or material or need to stop production. The real life example of the kanban can be seen in any supermarket at the cashier: when somebody buys chocolate it goes through the machine that scans it and the system automatically deducts the amount of chocolate purchased from the total chocolate stock of the shop. When this amount reaches certain minimum level, for example 20 pieces, the next time the shop orders 30 chocolates, if their maximum is set to be 50. This way, a certain amount of items is maintained.

Kanban is an effective tool in terms of visualization of the office that is important for Lean Office concept. Visualization enables the company to have more control and understanding on the situation and prevent problems, such as the shortage of items or delays in the execution of important documents.

2.3.5 KPI

KPI or Key Performance Indicator is a metric or a set of metrics that helps to track processes' progress and push them in corporate goal direction.

KPI is a strong tool and it can influence employees' behavior, thus they are to be designed carefully to ensure the development of preferred behavior. KPI can relate to an employee, product/service or to a whole organization. Each type of KPI has to be interrelated with the interests of the company and the personnel also have to be aligned.

KPIs have to be unique for each company. It can be designed basing on the example of another firm's practices but it has to be adjusted. There is no need to follow trends or hope to copy success, it will never work because each organization has its unique conditions that influence its activities and, therefore, it influences controlling metrics that have to be applied. The company should avoid using too many KPI's because they serve as a controlling instrument in the definition of success of the firm's/unit's goal achievement. As organizations or their units have only few main goals, spreading KPIs will create confusion

The KPI system has many aims. It helps to connect the team and lead it to a common goal moving in one direction; it stresses and reminds of the importance of continuous improvement in business and encourages a more successful cooperation of employees. Moreover, it helps to see if the company is reaching its goals or not and where was the wrong step taken. Furthermore, employees can take a more active part in developing the organization's work

2.3.6 Continuous flow

Continuous Flow is an ability to execute a certain part of work right when it is needed by the next process or is directly followed by the next process. It is also termed as one-piece flow, as the goal of the tool is to move an item through the process continuously by making only what is required by the next step of the process.

The flow is created by allocation of people and equipment in a correct way (order) and close to each other. Continuous flow also requires employees to be united not only in their goals but also to have common measures of their performance evaluation. Measures serve as help in attaining the company's aims.

Continuous flow is reached by use of various approaches, such as FIFO (first in, first out). The FIFO method controls the work flow and organizes it the way that when a certain job is finished by the previous process (first in) it is prioritized for the next process (first out). The FIFO line is a convenient way of enabling the continuous flow between the processes even in force-majeure conditions. In the administrative sector it is basically a set of letter trays or boxes where employees place work documents that are already done and require further processing by other employees. The advantages of FIFO lines are that work units are placed continuously; it allows the creation of visual warning signals of particular work unit overdue; imply support for the next process if the previous task's box is fully loaded.

FIFO is a great help for the organization when it only starts building a continuous flow. Yet, it is crucial to train and teach people to work in accordance with the continuous flow principles. In the end of the flow construction company has to be able to work without helping tools (such as FIFO) but by pure workflow management.

2.3.7 Theory of Constraints

The paragraph is largely based on the combination of the article by Victoria Mabin (2-7) and the electronic article by Leanproduction.com, Theory of Constraints.

TOC, or Theory of Constraints, is a business improvement method that identifies the constraint – the limiting factor that prevents the firm from reaching its goals – and fights it until the constraint no longer exists. It finds answers for the questions: 'What to change?', 'What to change to?' and 'How to cause the change?'.

TOC is sometimes considered as an independent theory, rather than the Lean tool but when we take a closer look at both methodologies, we see that they are aiming at the same goals: lean is focused on waste elimination; TOC is fighting constraint which is also a waste.

Constraints are anything that precludes the firm from achieving its goals. They are divided in several types: physical (equipment, human resources, space); market (current capacity is at its maximum); policy (in-/formal required/recommended way of working); paradigm (habits and beliefs that employees have in mind).TOC claims that any system or complex process can be broken into separate activities, one of which appears to be a constraint or 'the weakest link in the chain'.

TOC is highly prioritizing current constraints and it works on the limiting factor using its set of tools, which consists of: the five focusing steps, the thinking processes and throughput accounting .

The five focusing steps tool is focused on the identification and following elimination of the limiting factor, and it is divided into five steps: Identify (finding the current constraint); Exploit (making small improvements by using available resources); Subordinate (making sure that other activities support the constraint); Elevate (making other improvements to break the constraint, maybe adding resources such as investment or people); Repeat (once current constraint is resolved – moving to the next constraint and starting the process all over again).

The thinking processes tool is oriented towards problem solving and fits perfectly for systems that have many interdependencies. It identifies root causes (problems) and UDE – undesirable effects. The tool comprises a set of logical diagrams:

- Current reality tree ot CRT: shows the current reality in a given system and it is constructed from top to down
- Evaporating clouds: search solution to the cause using a fixed format of five boxes. Boxes include two opposite wants which create a conflict, two needs (one for each of the want) and an objective that is common for wants.
- Future reality tree or FRT: uses an effect-cause-effect method to test the solution once it is identified.

- Prerequisite tree or PRT: once 'What to change to' question is answered, the PRT is used in order to identify obstacles on the way of solution's implementation.
- Transition tree: uses effect-cause-effect method to determine actions necessary to implement the solution.

Throughput accounting tool is an accounting methodology that tries to avoid traditional accounting's issues that move companies away from long term profit. Throughput accounting sees inventory as a liability (unlike in traditional accounting, inventory is an asset) which consumes cash that could be used more productively. Moreover, decreasing expenses is less significant than increasing throughput.

2.4 Waste types

Process can either add waste or add value

The 'Waste types' chapter is based on the article of EMS Consulting Group '7 Manufacturing Wastes'(2003) and 'Lean Concepts' by Industrial Timestudy Intsitute.

Imagine that you are ordering a book from a local bookstore and waiting period is 4 weeks. What you don't know is that it takes one day for an employee to place the order and 13 days to deliver; and then there are two weeks that is simply wasted because the bookstore leaves your order and it is only processed in one week, or they get deliveries only after 50 books are ordered, or they get the wrong book and send it back etc.
Abovementioned processes can be summarized with a single word: waste. The whole procedure could have been much easier and efficient if the store manager had a better business process understanding and would run the shop in a smarter way.

As Lean is a concept that aims at continuous improvement, it fights wastes, and, therefore, has a waste classification, which was originally developed by Taiichi Ohno in 'Toyota Production System'. The wastes were initially developed for production but they are easily adjusted to the service sector.

The seven wastes according to Lean Concept are overproduction, waiting, over-processing, inventory, excessive motion, defects, and transportation. There is also 8th waste that was identified by Doctors Womack and Jones: underutilized creativity. This waste was defined later than the seven wastes but it is already considered as significant as the original seven.

2.4.1 Overproduction

Overproduction occurs when more goods are produced/services are made than required for this very moment or if they are produced faster than needed or not needed at all. Such a strategy is called by Toyota Production System as 'Just in Case'. The main idea is that company is hoping for the future demand and it results in full stock, which creates additional costs, and lower flexibility, as the company is busy trying to sell whatever it has produced. As we see, overproduction is not only tying up resources of the company, but it also serves as one of the reasons of other wastes, e.g. inventory, or it makes it harder to identify defects as all the goods are just lying in stock until a customer asks for it. Overproduction is often claimed to be the worst of all wastes as it is a sub-cause of all other wastes.

Switching to 'Just in Time' or JIT is the solution to this problem: when JIT is practiced firm only produces that amount of goods that will be sold right away.

2.4.2 Waiting

Waiting can be referred to goods and people. Examples of waiting are: delays or early arrival of delivery; people waiting for information or items, contract waiting to be signed by the director.

Many companies and factories face the problem of waiting, some of them may spend 90% of the production time on waiting. The problem here is that the whole process is poorly designed, which results in work-in-progress being frozen after each step is made. Waiting is caused by poor management of space, timing or processes' sequence. This waste type can also be a result of interaction with an external party but Lean is only concentrating on waiting that is caused internally.

2.4.3 Over-processing

People tend to make things more complicated than they actually are. Companies do the same. High-tech trendy equipment or techniques are often used where they are not required. Such equipment/techniques provide us with extra data or extra control activities which have no use. What is worse, these expensive machines are a huge cost for the budget, so the organization is forced to save on other areas, in order to compensate spending, which decreases the overall flexibility. Another concern here is a responsible employee who insisted on equipment's purchase and has little courage to accept his/her mistake, instead he/she is encouraging overproduction in order to pay off the high price of the purchase.

Over-processing can also occur when customer requirements are not precisely defined. In this case company is forced to add processes which add cost to the end-product but not necessarily add value. As a solution, companies have to make research and define exactly what the customer wants, needs and expects.

2.4.4 Inventory

When people go shopping for food, they often buy large packs of products and explain it with economy − they only bring this cleaning detergent home once, so buying a big pack is more profitable, what if next week it isn't in the shop and they will need it etc. Once again, companies do the same. They think that they cut transporting costs and provide themselves with some future assurance (what if economic situation will change and price for product X will double?). In reality, it is often the case that family never uses the whole package, somebody turns allergic to it or in three weeks the same good costs half of the original price. Same occurs with the company: stock is full with raw materials and there's no space for other things; or new technology is developed where the purchased good is not used and the company switches to it; or the crisis starts and the material turns worthless due to decreased demand. As a result, the company is worse off due to its desire to save costs.

My previous example was about raw materials but the inventory also refers to finished goods. When the company practices overproduction, it fills the storage with lots of products which will either waste space or have to be immediately shipped to customers who can be not ready for them yet. If the consumer doesn't want the product, it has to be sold at a discount, which is another loss of money. For example, we all go shopping to H&M and know that they have large discounts throughout the year. The reason for this is that they order factories to produce much more units of clothes than market wants and is able to consume, and when the next collection is about to be shipped to stores, the shop has to do something and there is only one suitable solution to get rid of the stock − discounts. Although, it is good from a consumer's point of view, it is a huge loss of money for the company.

2.4.5 Excessive Motion

If you go in to an office and see people walking around and looking for papers or information, that is all waste. Excessive motion is often called a 'waste of people' and, besides leading to falling employee efficiency, it can lead to injuries and accidents as far as production is concerned. Such waste may occur due to bad site/office planning, absence of required materials or old equipment. This type of waste is often not obvious, so it is necessary to analyze processes in order to find possibilities for improvement. In the ideal situation the end of person X's action would be the start of person Y's action. In reality, before starting the action, person Y has to spend time looking for everything that he needs in order to finish the task.

2.4.6 Defects

Defects, rework, errors – they are all waste. It is easy when defect is obvious, e.g. a toy has a broken leg; then the company can fix it before the customer sees it. The ability to fix errors before the product is sent to the consumer does not mean that such a form of waste is good; it is just not as hard to fight with it. When the defect is something less obvious company should not fight it on its own, rather it has to involve customers in it but do it carefully and be not pushy. Information can also be a type of defect: if it is imprecise or missing, it leads to a wrong or inaccurate execution of processes.

Using 'error proofing' technique is a great way to prevent defects. Error proofing is simply an implementation of mechanisms that help you to avoid defects. The main idea of the technique is that no defects can occur, so we have to prevent them from happening. An example of error proofing in action could be a purchase of food in a shop − personnel scans your milk and oranges using a bar-code and this way you are prevented from paying a wrong price or wrong amount.

2.4.7 Transportation

Any movement of materials that is not directly required for production is a waste. Extra transportation is a time loss. Furthermore, with too much movement, there is a risk that the subject of transportation will be damaged and turn useless. Transportation can be eliminated by the closer allocation of each processing step. Sometimes transportation can not be removed totally: then it has to be minimized.

The example of transportation waste would be to mass documents manually to the next operation. When you go to a large store, you can see transparent tunnels near cashiers which are used to deliver documents from the cashier to the office and back: you put the document in a capsule, close the window in the tunnel and then it's done – in the few seconds the document will be where it belongs. Store has to exchange papers with cashiers but it would be a great waste to deliver papers to each person and then pick it up. So, as this transportation waste could not be eliminated, it was minimized by such tunnels.

2.4.8 Underutilized creativity

If overproduction is said to be the worst type of waste, then underutilized creativity would be on the second place. Not using ideas, skills, knowledge and the time of talented and experienced people is a huge loss for any firm. (John Miller, [22.03.2012]) Actually, the timely use of employee's brains can be the cure to most of the company's problems and wastes: inspired people share their ideas with the management and are delighted to see that they are listened to. Yet, if people are listened to and organized, it still doesn't mean that there is no waste. Management can arrange people the way that they do not apply their key knowledge. This practice has to be stopped if the firm wants to continue its path to success.

Concluding this chapter I would like to say that waste elimination is not a one time activity. Of course, once you have done it, your firm will run effectively for some time but then things will start to worsen again – it is natural. So, if a company is really aiming at being an effective lean practicing organization, it has to work on waste elimination each day of its existence using various tools of the Lean Office methodology. Furthermore, although it is healthy and good to know your wastes, the categories only help to classify the waste but not really fight it. The main progress is that one already sees the problem. So, once again, do not work try too hard on the identification stage but stress all your effort on actually solving the issue.

3 CASE COMPANY: CURRENT SITUATION IN R-PRO CONSULTING

3.1 Basic Facts

The full company name is R-Pro Consulting Ltd and it is a part of R-Pro IT Concern group of companies. R-Pro operates in the information technology and managerial consulting business field and it has officially been present on the market for four years. The permanent staff consists of 11 people including the director. Also, there are from three to six interns in the company throughout the year.

With the headquarters in St.-Petersburg, Russia, the company is operating from 9:00 – 18:00 or 10:00 – 19:00. The salary consists of the basic rate and percentage, and on the average it is 25 000 RUB or approximately 640 EUR per month. The turnover in 2011 was 24,2 million RUB or approximately 605000 EUR. (if 1 EUR is 40 RUB to simplify calculations). (Russian Rubles to 1 Euro, [referred: 20.04,2012])

3.2 Organizational structure

Director is the head of the company. He is doing most marketing and PR activities, in addition to mentoring interns.

Human resource department is combined with accounting and both departments are controlled and presented by 1 employee. There is also 1 intern for HR sometimes.

Sales department is combined with project management, partly marketing. Moreover, it also has training functions: when customer orders trainings, employees from sales department are conducting it.

Two IT specialists take care of the website, server and support at presentations or trainings.

Office manager is responsible for all administrative work.

Also, there is a Marketing specialist, who is considered permanent staff but works mostly from home on big campaigns and few times a year.

International relationships department is represented by 1 employee whose' responsibility is to search for partners and maintain relationship with existing partners.

3.3 Main products

The chapter includes information from R-Pro Consulting and its partners: IFSS, Inside PLM, CSM Systems AG; and an electronic magazine ‘CAD/CAM/CAE Observer’.

R-Pro Consulting is focusing on managerial and IT consulting, which is often executed with the help of temporary partners; currently such partners are ‘IFSS’ – an Austrian company, providing trainings and programs for Lean Six Sigma implementation. Lean Six Sigma methodology is a combination of the traditional Lean Concept with Six Sigma. The aims of the methodology are the same as for the Lean but it uses much more statistics for analysis and solution design.

Moreover, R-Pro is offering support at the integration of a product lifecycle management system (PLM) – ‘PLM- Success Planning’, a product designed by Swiss company ‘Inside PLM’ for systematization of the processes through their entire lifetime.

The next product is a Computer-Aided Process Planning (CAPP) consisting of CAD, CAE and CAM. CAPP is a software programming which helps in the automation of production engineering. The automation system includes: CAD (computer-aided design) an engineering graphics system for sketches and documentation formatting; CAM (computer-aided manufacturing) systems are designing the processing of goods on machinery with CNC (computer numerical control); CAE (computer-aided engineering) a group of systems, each enabling specific calculations (e.g. durability calculation).

The last main product is DIAMES system. DIAMES (dynamic interactive manufacturing execution system) is a product of the company’s Swiss partner ‘CSM Systems AG’, which designed the system itself. DIAMES is a kind of MES System (Manufacturing Execution System), which initializes, tracks, optimizes and documents production processes from the start up to the product release. The system also collects information which is later used as a data base for the production rate analysis. The system is proactive and actual information can be received at any time, which enables immediate reaction on changes.
R-Pro Consulting offers integration of DIAMES, additional customizing of the software and training of the personnel on system exploitation.

If you would like to learn more about R-Pro partners, you can find links to their websites in the bibliography under ‘Electronic sources’.

3.4 Main customers

The company operates with various customers from different fields of business. The companies listed below are claimed to be key customers from the profit and strategic points of view.

1) Machinery Engineering: ‘Kirovsky Zavod’ (About the company, Kirovsky Zavod)
   ‘Kirovsky Zavod’ is a large industrial enterprise with more than a 210 years long history. The production varies from the agricultural and energy sectors to nuclear energy, defense sphere and forestry. The enterprise has such return customers as Gasprom and Avto Vaz.
2) Shipbuilding: ‘Admiralty Shipyards’ was established by Peter the Great and it still remains one of the major shipbuilding companies of Russia. Company is building both civilian and military fleet. (The company, Admiralty Shipyards’)
   ‘Admiralty Shipyards’ is using CAPP system now.
3) Engineering companies: ‘Energomash’
   ‘Energomash’ is a leading corporation in the domestic energy engineering with the headquarters in Moscow. As a production-engineering group, ‘Energomash’ is specializing on the manufacturing and the delivery of equipment for the oil and gas industry, metallurgy, heavy industry and transport; manufacturing of machinery for power and nuclear stations, turbo generators and supportive power equipment. Moreover, it manufactures pipelines and electrical equipment. (About the company, Energomash)
   During the project with R-Pro, the following was made:
   - Engineering centre was created to become a think tank for the group of companies from designing goods to concluding the contracts.
   - Effective structure of project management linked to engineering centre was generated.
   - Optimization of various business processes through processes management the unit creation. Refocusing on key functions influencing the entire effectiveness.

3.5 Leadership style

The company is greatly influenced by its leader. So, by understanding the managerial style and approach, we can understand how certain activities are done and why.

The management style of director of R-Pro Company could be defined as controlling or autocratic with strong hierarchy. (‘People – Management Styles’, tutor2u) Such a managerial style includes the many aspects. Autocratic leader expects obeyance, respect, and skill of doing things fast from employees; he wants his knowledge, management’s skills and achievements to be respected. Controlling leader typically feels desire to keep control; has impulsive behavior; uses intensive work mode in the stress situations. His strong sides are facing responsibilities and ability to organize people fast. Weak sides are impatience, failing to give people credit for their work, giving up everyone who seems lazy or not devoted. (Tapping, 2012, 255-256).

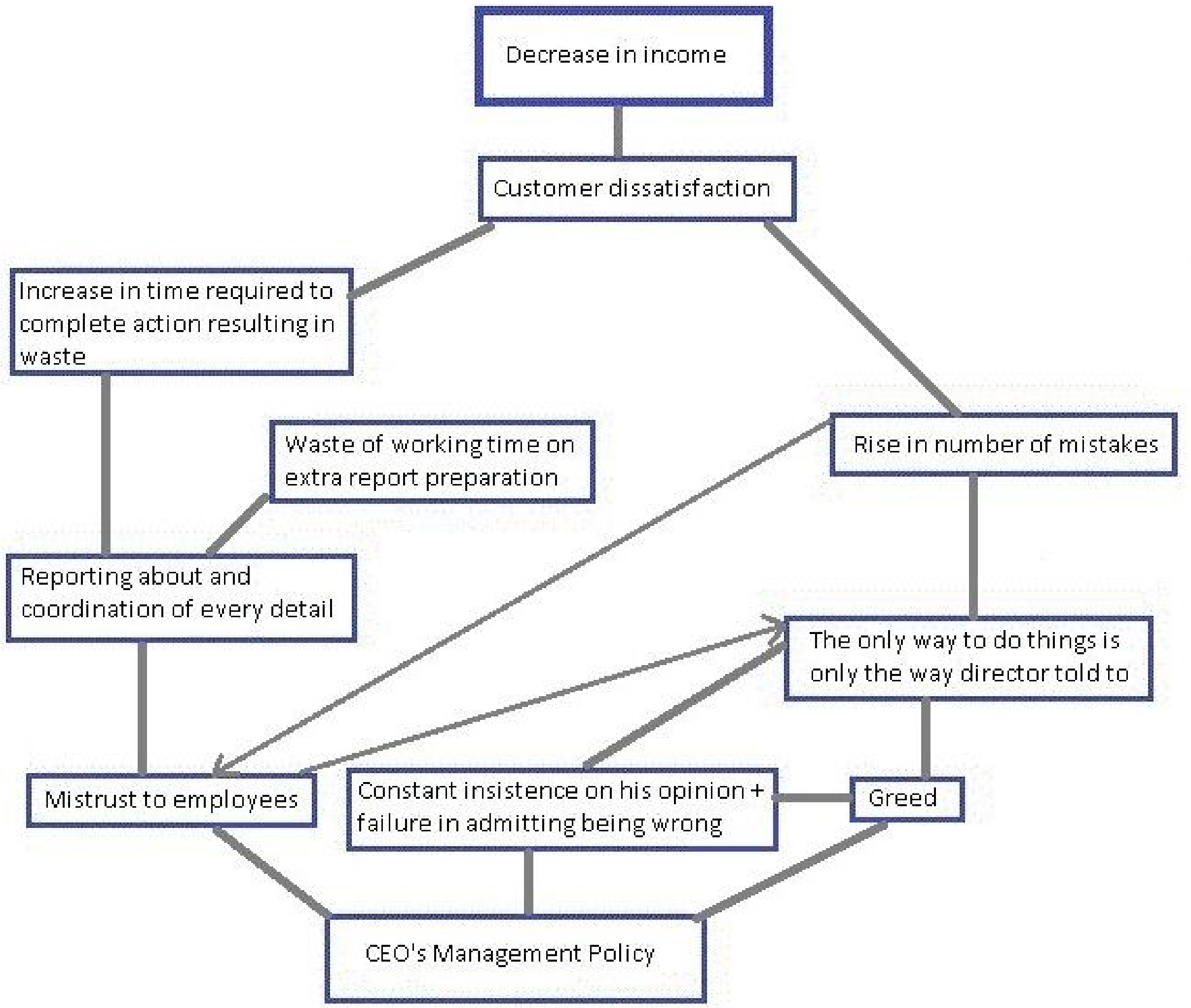
3.6 Critical moments: Current Reality Tree analysis

There are several organizational problems in the company that I would like to find root causes for using CRT or current reality tree, a tool from the theory of constraints. CRT was created with the help of ‘Undesirable effects and core problems’ by ‘A Guide to Implementing the Theory of Constraints’.

As you can see from the Picture 1 below (read it from top to bottom), the starting point is ‘decrease in income’. R-Pro tends to have unstable profits which also tends to decrease. Along with it, customer complaints are rising. The main subjects of complaints are not meeting the deadline and mistakes in programming or training.
As each action is pre-reported to the management, time is spent on extra paper work, which is a sign of mistrust to the employees, as they have to agree on every move. Also, customer dissatisfaction, due to the rise of mistakes, is increasing the mistrust rate towards the employees. Consequently, management dictates the way to do things, hoping that this would eliminate error possibility. Moreover, even though a project is already planned and execution started employees can be given instructions to cut costs even if it hurts the execution. This way employees have to change their value stream to adjust to new conditions as they fear of losing their job or being criticized. As a result, due to the combined mistrust, desire to cut costs and

forcing recommendations, the staff is doing actions that are resulting in customer dissatisfaction and, in turn, in decreased profits.

Concluding the graph, we can see that a root cause of the income decrease is managerial policy which intervenes intensively in the staff's work, fearing mistakes and over spending, which results in adjustments to usual processes, which increases the chance of making mistakes, which, in turn raises customer frustration. From the current reality tree analysis we can conclude that the main constraint is **policy**.



PICTURE 1. Current reality tree

There are three core issues that are direct or indirect causes of all other problems. The issues listed below are conclusions based on my research (Part 4 of me thesis) and CRT.

Employees are not seen as a key asset.
While I was doing my internship, I have heard this sentence many times: 'It's easier for him to hire a new person, rather than to compromise and keep existing employee!' the management policy is not too delicate with the employees; as a result the staff has a clear understanding of the fact that they are valued, which, in turn, affects productivity and motivation. Furthermore, the management's opinion is always winning over the employee's opinion.

Goals and plans are not clearly defined.
Top management tends to change its opinion on major direction of the firm, as well as minor details. This results in confusion and irritation from the employee's side, as well as in extra waste due to rework.

Greed.
There is one objective that is obvious: maximum profit is to be reached with minimum costs. It would be wrong to claim that such objective is wrong, since every business is trying to achieve it. However, company avarice often wins over the quality of work.

4 CURRENT STATE OF EMPLOEES' BEHAVIOR AND ATTITUDES

4.1 Purpose, problem and objectives of the research

Successful implementation of the methodology depends largely on staff. Employees must form a team with each other and with management. Therefore, it is vital to ensure people's contentment. So, the main purpose of my research is to understand whether the employees are satisfied with the company's management, strategy and processes, and what they think needs changes.

The research problem is: What are employees satisfied with and what would they like to have changed in R-Pro Consulting Company?

The objectives of my research are:

1) Discover the general attitude of the staff regarding the company
2) Understand what needs to be changed and supported in the organization's actions

4.2 Qualitative analysis and data collection

Qualitative analysis is used in the research, as the aim at identifying the employee's behavior and thinking; this requires in-depth analysis, for which the qualitative analysis fits best. Moreover, the small size of my company did not allow conducting quantitative analysis.

Qualitative analysis is a research method that is answering 'Why' and not just 'Where, What, When'. Unlike the quantitative analysis, qualitative is not relying so heavily on statistics. It is used to understand lifestyles, motivation or behavior. Among the information gathering tools are feedbacks, interviews and emails. The use of open questions allows to questionnaire the smaller number of people with a deeper research of their answers.

The information gathering in the research was made through interviews. Originally interviews were supposed to be conducted during a face-to-face meeting. Yet, after the proposal of interviewing, all four interviewees explained that it would be preferable for them to receive questions via email and then they would send the answers back. So, the interviews were conducted via e-mails.

4.3 Research target group

The interviewees should remain anonymous.
The total number of the interviewees is four people, but the total number of the employees is 15, which may vary from 14 to 17 but 15 is the average number. The departments that were covered in the research are Marketing, PR, Project Management and Sales. The age group of the interviewees is from 20 to 46 years old, and both female and male employees are included.

Among the interviewees who participated in the research, two people are permanent employees and have worked for more than one year in the company; and two people are doing their internship. As for financial relations to the firm: two employees are paid and two interns are not paid for the job.

The interviewed group is combined from different departments because each of them has a different perspective and deeper knowledge on various processes. Consequently, analyzing the attitudes of various units' representatives ensures high the objectivity of the research.

4.4 Structure of interview questions

Interviews are the exclusive source of information in the research because this is the most direct source that exists in gathering information regarding the employees' opinions. The observations of the personnel during the internship could also be used as a source but those remarks are too subjective to rely on.

As the interviewees were both permanent employees and interns the interviews was split in two parts, with separate questionnaires for both groups. Although questions vary slightly, they are still compiled in one direction. For example, interns were asked where they learnt about the internship opportunity, whereas the employees were asked where they learnt about the position. The questionnaires were started by asking a few questions regarding the people's professional background in order to have the understanding of their professional level. Each interviewee has had either a prior working experience in a relevant field or studied commerce in a university. Therefore, their perceptions of how office work should look like are more reliable because they have both studied business and worked in companies.
Full list of questions can be found in Appendices 1.

4.5 Findings and conclusions based on the research

Based on the interviews I have come to following results:

Three out of four participants in the research have found the job offer on a job website. Therefore, the company has a stable presence on the web. Still, it might mean that the company has no or small image awareness by the general public; raising the awareness could be a long-term future goal.

Four out of four people were not satisfied with the salary rate. The interns would like to receive payment for their work but as internship was compulsory for them and it is common for trainings to be non-paid, they had to agree on such terms. As for the employees, their extra working hours are never paid, therefore, their opinion is not surprising.

The interns received no training during the first days of work. Also, they could not clearly define what the company was doing and who its customers were. One of the interns answered on the question about clients and business field of R-Pro by copying the description text from one of the back up files for the office manager to use when talking with potential employees. The absence of training and distraction regarding the company has the direct connection: the website has little information and, without clear explanations from a professional it can take weeks before the intern will truly understand what the company is doing. This is particularly bad because the trainees are staying mostly for one month. One of the reasons for them to only intern short-term is because they simply can’t enjoy working or work properly without the clear vision and understanding of the processes.

Zero out of four participants showed satisfaction from cooperation with the mentor/boss, who is the CEO of the company. Two participants mentioned inner pressure while cooperating with the director. Communication with the management must be easy and effective, which is not achieved due to the communication practices of the director. Poor communication is a deep problem that affects in a bad way both motivation and the results of the work of the employee.

Four interviewees were fairly satisfied with the tasks and defined them as relevant and result oriented. Four out of four mentioned that there was always work to do but only two out of four were busy with their tasks all day. Failing to do their tasks is explained as not willing to do it. So, I can conclude that even though the people find their responsibilities good, they don’t want to do it because the motivation is low as they feel that their work is not valued (insufficient salary) or they anticipate the management (no good communication is developed).

The question regarding possible changes received many suggestions from both the interns and the employees. The people showed most concern regarding the salary, office hours, employee’s selection process, motivation programmes and a separate room for the interns (both employees and trainees suffer from overcrowded space in the reception with no concentration possibilities – the possible cause of low productivity). Moreover, the people are offended with different treatment towards them and corporate clients (cheaper tea and coffee is offered to employees and more expensive is given to clients or partners), and cuts on vacation due to being late for work. As many areas were covered as the change possibility by the interviewees, the conclusion can be made that the employees disagree with the current order in the firm.

Concerning the recruitment process for the position in the company, four out of four were generally satisfied with the entire process. The only disagreement was caused by a nine page questionnaire (a document to fill in when you arrive for the interview besides the CV which is also sent beforehand).

On ‘would you stay in the company’ question only one intern said yes, marking that not everything fits him/her in R-Pro. Both employees would stay for a couple of years but if they received a better offer, they would leave. This is another sign of the highest dissatisfaction about the company.

About lunch time three people were satisfied with the duration of the lunch break and one person agrees to make it shorter; four state that there is no good place to eat, and they either travel somewhere, or eat fast and work the rest of the lunch break.

Responsibility on job: four out of four try to do their best and not miss tasks as they feel personal responsibility to the company and themselves; yet three out of four allow themselves to leave early if the director is not in the office. Such behavior signals about insufficient personal attachment to the company.

Both interns would like to change their working place on a more quite area. Yet, four out of four agreed that they had all basics they need for work and the office room was good enough. The location of the office was convenient for four interviewees; three out of four would like to have a personal key to the office in order to gain more independence.

Two employees stated that getting a paid vacation is hard; sick leave rules are very strict. Business trips are common, they are paid but to a minimum with large reports to be written at the end of the trip. Paid vacations and sick leaves are a legal right of every employee. If the rights are not respected, one can not expect people to respect their responsibilities.

Relationship in a group: four participants were satisfied with the staff team and find it easy to communicate with them. The exception was director, communication with whom was defined as ‘exhausting’. Two employees also described staff meetings as rather fast and significant in terms of work, and yet something they would like to avoid if possible. So, even though meetings seemed to be an effective activity, the employees still try to avoid them, which must be connected with the director’s attitude as the relationship with the rest of the team is well-managed.

The final conclusion is that employees are highly satisfied with office and group relations but are totally dissatisfied with salary, relationship with the director, and orders in the company.

The full list of questionnaire’ answers can be found in Appendices 2

5 GUIDANCE - TOOLS APPLICATION

This part of my thesis is dedicated to practical advice and solutions that I am offering to the company based on the research and Lean Office tools.

The guidelines part is divided by the departments of the company, each given separate instructions. Guidelines for the management are specified separately. Different departments have a different combination of tools applied: as they vary on the processes and conditions, one division might not need the same analysis as the other one. Moreover, there is a description of a set of activities that is recommendable to be executed before direct implementation of the Lean Office Concept.

5.1 Pre-project implementation activities

There are two ways of starting the Lean implementation process. First, to arrange a meeting with all staff members and announce a new programme launch. Second way is milder and more efficient: management has to do prework to prepare both the employees and company for upcoming changes. This way, the shock will be cushioned and likelihood of successful results will rise.

Where do we start? As known to everybody- people are the main asset of an organization and they can be resistant to new policies. When starting Lean Office project, it is crucial to form one team with your staff because it largely depends on them whether you will succeed in the deployment of the methodology or not. Changing people's attitudes is a tough task; it can take the whole project time and even weeks afterwards to assure the staff that modifications are for their own good. We do not ask to do the whole explanation work before starting the project but it is crucial to open a dialogue with your workforce, explain why and how things will be done, listen to opinions, and try to convert as many people as possible to your side. First of all, you have to change the employees' behavior: let people feel how they can make work easier and faster by changing their own actions. As the time will pass, people will change their visions regarding new concepts of doing business, and, as a result, their inner culture will be modified. (Paskell, 2009, 62-64).

It can happen that the staff members will not be persuaded by talk and will need stronger motivation. R-Pro is a relevantly new on the market, so a strong motivating factor can be the loss of business share (or failure to gain a sufficient share) or emergent need to cost reductions or a fierce competition. In fact, putting it as motivation would not be true as R-Pro is facing all those risks in reality. So, we have the motivation and now the goal is to deliver the message to the employees. During the meeting acknowledge everyone with the problems and explain that it is each person's responsibility to do his/her best to raise the company to a new level. A dramatic tone may not be a necessity but it is extremely efficient when people's minds have to be affected. 'Crisis' motivation does not only persuade people that a change has to be taken. It also adjusts the perception of change. Before, new things were pictured as a bad unnecessary activity but now there is a chance to save the company, and therefore, it is positive.
The management of P-Pro can use the current dissatisfying situation with decreasing income.

Knowledge problem: many firms face the situation when a small group of employees owns the main part of process knowledge; this is a problem if they are sick/on vacation or left the company. Clients want us to make the job fast and properly, and if they have to wait because somebody is not doing the job- they will not be happy. One way to prevent it is to hire or train employees with sub-skills, who will easily replace a colleague when needed. The management should also take an active part - leaders should have the necessary knowledge to guide people in a substitute situation, this way they have control over the situation and show their devotion to the business.

Furthermore, documenting the processes, for example using standardized work, is an effective way to ease access to information regardless of whether the responsible person is present or not. The organization, not people, should be the major information carrier.

Knowing what your customers want is essential. Lean implementation will not make any sense if it is not leading to customer satisfaction. The entire project implementation depends on consumer expectations: how long is he ready to wait for his service, what are his priorities etc. Tools and strategies are adjusted based on customer specifications. Thus, before starting the project, one has to specify what the customer wants. As the company has many customers, old and future ones, it would be impossible to provide expectations with a 100% accuracy. Therefore, we should define target groups and analyze it from the group's point of view.

For R-Pro Consulting the main target group was heavy industry from the north-western and central parts of Russia. Russian heavy industry is known to be developing slowly and backwards. That, of course, does not refer to each particular industry and company, but R-Pro is offering improvement systems, so from now heavy industries will mean the least productive and efficient enterprises.

The target group is known to have the following similarities: strong dependence on governmental orders; bad performance in terms of productivity and effectiveness; no or improper use of various kinds of innovation; conservative management: rejection of new innovations; low budget for enterprise's development unit; strong focus on profit, often short-term profit, with other goals having much lower importance (e.g. environment protection, employees' satisfaction).

A combination of such specifics creates a picture of a close-minded consumer with the following priorities:

The innovativeness of the methodology must not be too outstanding. This is to be reached, for example, by the avoidance of modern terminology and exchanging is with more traditional expressions holding the same meaning. Also, too complicated procedures can cause fear and confusion.

Since the budget for improvement and desire to occupy employees with it is little, the project has to be simplified in time and efforts needed, and cut on spending when possible.

Important note is that simplification is done comparing similar projects realized in developed countries, or anywhere where companies do not limit the project at any point and where the maximum effort is made. R-Pro is a partner of the Austrian company called ‘IFSS’ that is specializing on the Lean and Six Sigma projects’ implementation. Therefore, several projects of the Austrian partners can be taken for the comparison. Our target customer does not need to be overwhelmed from the very beginning. Instead, we should gain the trust by introducing a logical project that would show a clear benefit. Then, when the client trusts us, we can initiate a more complex project.

When applying the Lean Office methodology management has to consider that the extended usage of typical to Lean Japanese or English terms may cause resistance or misunderstanding. As middle-aged Russians (employees that occupy managing positions) tend to be conservative and less open-minded, we should take care when applying foreign terms, which would ease the methodology’s employment. Still, one cannot avoid the terms totally as they are an essential part of core lean disciplines. Moreover, it has to be clear for everyone in the firm that visible results from methodology’s implementation can reveal themselves much later than the introduction date.

5.2 Management

The following advice is written for the management of the company. Yet, this material can be also read by the employees or presented to them during one of the Lean meetings.

5.2.1 Giving names to folders

Documents are easier to work with when they are systemized. Therefore, the common folder naming technique is necessary.

Naming folders may seem an easy task but when the new system is introduced, there is always confusion. Therefore, management has to notify everyone about the changes in the policy and explain widely what, when, and why will be done. The best place and time to do it is at a general meeting. During the meeting employees should be told the following:

1) The new system is introduced to simplify the process of customer information or samples search, therefore we save time and eliminate ’excessive motion’ waste.

2) The system will, moreover, ease the employee's work and allow to find all needed information even when the employee, who works with the documents, is absent.
3) There are several rules on folder naming that are to be respected:
   - Each folder should be named in the same manner: one font, size and colour of font.
   - Depending on the type of the folder, they are marked with separate colours by highlighting the name of the folder
   - Folders for clients are named as: <Company name>, <Company type>
   - Folders for samples are named as: Samples, <Document type>
   - Folders are placed in an alphabetic order

After the system is introduced we have to let it function for two to three weeks, during which time people will adjust and learn how to use it. By the end of the period, we have to make an audit to inspect whether or not: the employees need additional training; the employees follow recommendations; the process functions appropriately and if it needs improvement or adjustments.

5.2.2 Office supplies system

Stationary is a small but essential part of the office and the absence of pens and pencils can be very irritating. At the same time, no company needs a three year inventory of stationary. Kanban – a tool of Lean Office would be a great basis for stationary's system improvement.

The implementation process:
The first step is to make a list of all thenecessary supplies. Then we calculate each stationary's item that is in the office right now. Later we take the list of supplies, make copies of it and pass it to the employees, and instruct them to mark what they need and in which amount.
The second step is to estimate the minimum and maximum of each supply. When all the employees return their forms with marks, we start to calculate the total of supplies needed and estimate the amount of each item that is required for one period (it is best for one period to be three or four months), and amount that always needs to be in the office. The two amounts would be the maximum and the minimum respectively.
The third step is to provide a method of ordering irregular supplies that are not included in the standard list. The responsible person is then calculating the approximate amount of extra sup-

plies and chooses options from different brands that are later to be discussed with the employees.

The fourth step is to decide on the brand and type of each stationary: what colours, sizes, thickness of ink reservoir etc.

The fifth step is to be taken after one month of the system usage. The list has to be checked and items or their minimum/maximum amount could be corrected by the responsible employee if necessary.

The sixth, optional step is to sign a contract with one of the local stationary suppliers. Partners usually provide discounts and also an ordering form, so it would not be necessary to design the company's own ordering form.

The seventh step would be the kanban cards creation. Separate cards should be made for each type of stationary. The size of the card should be enough to fit all the necessary information: name of the item; minimum and maximum amount; number of order (maximum amount minus minimum amount); code of item (optional). The opposite side of the card should include short instructions of how to use the card. The instructions should include the name of the responsible person; advice to keep the cards in order; welcoming to provide feedback; the short explanation of minimum and maximum amounts (optional). All cards should be placed together in one box near the stationary's storage.

The eighth step is to define a responsible person who would control the orders in stationary department, make adjustments to the cards, and check if new orders are necessary. The perfect candidate for this task would be the office manager. The employee should be given separate short instructions regarding the Kanban in general and his/her responsibilities in particular. (Tapping, 2012, 177-183).

Before the inception of the system it is important to conduct training for the employees. During the training following topics are covered:

We define the goal of the Kanban: why does your company need this tool. For example: the system is a step towards the company's success; the system will help us to organize stationary; with its help we will avoid the deficit of supplies, which will ease work for each of us; right now we have certain standards regarding the matter but we can always improve.

We explain how the minimum and maximum of supplies were calculated; thank employees for their assistance and congratulate them on their great work. For example: explain the estimation process as described in the step two of the implementation process; state how much was done due to the personnel's help, and the achievement would never be reached without their participation.

We describe how the ordering of new supplies will be working. For example: mention that the office manager is responsible for it; that stationary should be checked once in two-three weeks to prevent shortages, and ordering is done once per period.

We make a tour to the Kanban cards allocation and show how to use them. For example: the small number of employees allows bringing them all to the stationary storage and showing the cards and other equipment.

Clarify that the system is a pilot project, and encourage everyone to give their comments and ideas regarding it. For example: define that the new system is on trial and it will not be used if its efficiency fails. Staff members are to be told that their opinions are valuable and suggestions are always welcome.

Please find the preliminary list of the necessary supplies with Kanban cards sample in Appendices 3 with the period of four months.

5.2.3 Continuous Flow creation

Administrative processes in a company will never be 100% the same. Each client, environment and circumstances are unique and cause differences in the same activities. Still, it is possible to calculate the approximate time required to complete the procedure. Estimations enable us to establish standard time periods required for a certain work.

Creating pure continuous flow is long and hard work that is reached by active trainings and good corporate planning. As the company cannot achieve the perfect flow fast, there is an intermediary step called FIFO line that can be taken. FIFO, or first in first out, is introduced to help avoid overproduction: if we have a process that consists of two steps and we have 30 items ready on the first step but only four items are finished with the second step, the customer will receive four items. Therefore, there is no need in finishing extra items on the first step if they can not be processed further.

How do we create a FIFO line? First of all, FIFO line is a set of letter trays placed together in the order respective to the process steps (from beginning to the end). The best possible location of the trays is the long corridor between the offices. The corridor connects all the main units, between which the documents are circulating. Therefore, the employees would not need to take a long walk to get the papers. In order to allocate letter trays there, we would need to purchase one or two shelves. The table is also an option but it takes more space and can be an obstacle if several people are passing at the same time.

Another possibility for FIFO line organization is a newspaper rack: it needs even less space than shelves. It is up to the management to decide which of the two options fits best to the organization but I would advise the newspaper rack, as it is smaller, cheaper and easier to install on the wall. Each part of the rack would be named according to the process step with the first unit on top being the first step and the lowest unit being the last step of the process. When the line is ready, we need to set the maximum load of documents per processes' pace that will signal us to stop working at a certain step. Full load must be visually obvious to the employees. A warning sign can be made by attaching a coloured sticker on the rack. For example, a red sticker would inform that the rack is full. Optionally, stickers of other colours, for example yellow, can be used to warn that the unit is almost full. If stickers are put on the rack, the employee responsible for the next step has to immediately start working with the documents to unload the rack. In the future, other employees can assist with unloading, given they have free time and training.

The company has many various operations that consist of several steps; still, only those processes that require involvement of more than one department have to be involved in FIFO system. As departments are small, documents that stay inside the unit can be passed directly on the table of the employee who is responsible for the next step.

The list of processes to be used for FIFO line is a subject of discussion for the management of the company together with employees. An example of such a process is financial project planning: projects include IT development part that is designed by a specialist, who then passes it to project manager, who in his turn is responsible for the project's budget formation. Yet, it has to be conformed to the accounting unit. After the project manager checks and adjusts the budget with the accountant's marks and passes it to the CEO. As a result, several units are involved in the process.

FIFO line fits perfectly to the organization because it reduces cycle time because fewer tasks are done at the same time and, therefore, each task is brought to an end faster. The waiting time of documents is reduced: documents are not stored endlessly waiting to be processed. Throughput of the process increases: more processes are finished at a shorter time. The larger number of finished processes affects positively on the employees' job satisfaction. Finally, stress is reduced: now documents are not lying on the table and waiting for the next step, thus we eliminate the deadline pressure when documents are forgotten to be processed. (Tapping, 2012, 193).

5.2.4 Space redesign

Redesigning of the working space is another tool used to support company at reaching the continuous flow. It is made to increase the speed and accuracy of work.
Right now, offices are well-planned; units are small and they are all located close to each other. FIFO line introduction would be enough at this stage. Yet, if the company is moving to another building eventually, it should use the Lean Office's principles when planning the workplace.

5.2.5 Kaizen events

Continuous improvement, once started, has to be done regularly. Therefore, Kaizen events have to be conducted through the entire life of the company. They not only improve business but also serve as an extra training for employees.

When conducting Kaizen event, it is important to follow 3 steps: planning, practicing, finalizing. Below is a step by step tip on how to conduct a successful Kaizen event.
Planning:

1) First, you can start with a value stream mapping. It will help to indicate what parts of the process cause waste or need improvement. Plan the duration of the seminar.
2) Depending on the process that is analyzed, create a team of employees, and set a leader. Please remember to include people from different departments, as their fresh views on the subject can lead to unexpected success. Moreover, the IT specialist is helpful because he is in touch with the latest technologies.
3) The team members and value stream list should be conformed with the director before starting the process. Conformation will eliminate future misunderstanding.
4) Prepare a Kaizen document, where each activity will be described and scheduled.
5) Agree on the participants' list to each employee and, when necessary, clarify why the event is taking place, and how it will influence the particular employee's job.

For example, if the event is focusing on the training's order process, then the training conductor is told that the goal is to simplify and make more efficient activities that are required from the customer, and, therefore, encourage him and reduce the risk of cancelation due to bureaucracy, which will be bringing more money to the company which, in turn, will reflect positively on salaries.

Practice:

1) Depending on the case, it might be useful to briefly explain the idea of the Lean Office concept. List Lean Office tools
2) Brainstorm in the team which tools are useful for the current event. It is advisable to start each activity with 5S as it is oriented toward the very basics – working place.
3) Analyze in detail each part of the process.
4) Break employees into small groups (or let them work individually if the team is small) and let them think about improvement possibilities.
5) Later, each team or individual presents his/her suggestions which are discussed in the group. The best solutions are thought over, developed and finalized.
6) Fill in the Kaizen card and start the implementation of the final ideas. The example of the Kaizen card is in Appendices 4.
7) After the event is over, make a schedule to continue implementation.

Finalize:

1) Report to the management about results, include financial expenses.
2) Continue work on the processes that were not finished during the event; once work is done, let it function for a short period (1 month) and in the case of success, apply standardization work tool.

5.2.6 Leadership style recommended

When the Lean Office concept is implemented and you can see results, the last thing that any manager would want is the results to vanish and progress to stop. This is where effective leadership can help!

People follow their leaders because they are attracted to him/her. The leader is more than a manager because he/she has charisma. People may not want to follow their manager but they always come after the leader. As a leader, you can inspire your employees: they will do more and better, and believe in you and your vision. (Liker, 2011, 162). Director, as a leader, should use his power to build a culture and standards for staff to follow. When changing from the manager to the leader, one should start with a meeting with the employees to explain his vision of the company's future. Also, specific short-term goals, which will help to reach the vision, should be explained.

The following tips would be very useful for a future leader:

Personal development has to be a daily routine for a manager who wants to impress his/her staff. Improving yourself people learn new things, broaden their knowledge, and become more open-minded. People who keep learning always inspire and are respected. Personal development should also refer to leadership: there are always new ways to rule people; be not stuck with the same manager's practices. Leader must a good, sincere listener, not only a good speaker. Employee's opinion is as important as that of a manager's. You never know when you will be given a good idea. On the other hand, employees will appreciate that their opinions are valued.

The leader should set realistic goals. Monthly plans should not be a trick to keep part of salary but rather a step on the success path. People who regularly fail to reach the goal at work are less motivated, they are more stressed and frustrated: they worked so hard but could not manage to do everything right. So, by lowering the goal to the reasonable level the leader: 1) is less upset about the employee's performance because expectations are lower; 2) allows employees still work hard but also get a feeling of achievement. (Parcells, 2009, 113-114). When describing the goal, make sure that you give concrete explanations and provide accurate information and equipment that is needed to fulfill the task.

Trust: people will not be truly devoted if their leader does not trust them. Every good manager has to control the situation and worry about the success. Still, extra pressure and corrections of the employee's actions is not a good choice for the long-term relationship. Employees were hired because they met the requirements for the position. Therefore, they are qualified enough. If somebody fails, he/she does not always need to be treated with extra care. People who have done something wrong are often instinctively trying to prove everyone that their mistake has nothing to do with who they are. They start working harder to make they past up. So, sometimes it is better to step aside and let them work. If they fail again – you can always return to previous behavior model.

When a problem occurs, it is already there. Thus, instead of concentrating on the person who might be responsible for it, try to focus on the problem. People respect those, who treat them with respect, especially when things go wrong; besides, every crisis teaches us something new, so it is worth trying to make the best out of the situation.

Complimenting people on their work, especially in public, is an easy and effective way to get along with employees. Do not take their effective work for granted. Still, try to avoid complimenting when is not directly connected with work: people relax easily and if they see that it takes little to please their boss, they drop the effort.

Be fair: keeping promises is one of the core ways of building a healthy long-term relationship with employees. If someone works extra hours and asks to leave early the next day to substitute them, do not give him work at the last moment. Moreover, failing to pay the salary or reducing the salary on the ground of the failed plan is unacceptable. After all, if you don't keep your promises and you are a role model, how can you expect your people to do it?

Think of people as a long-term core asset. It may seem that hiring a new person is a good deal. Yet, the constant flow of staff is a huge cost and waste: time for training, adapting and building the relationship with the rest of the team takes much more effort than stabilizing and improving the relationship with the existing person. Try to give your employees differentiated assignments. No one likes to be stuck in the routine of repeating actions. There are responsibilities that can be transferred, so it would be good to switch tasks back and forth. Such switches are not only breaking the routine but also serve as an additional training for employees and increases interchangeability.

Recommendations should not turn into rules. Management must be open to new ideas but it is always important to adapt leadership practices to a concrete situation.

5.3 Sales Department

Employees of the sales department are also responsible for project management and conducting trainings. Therefore, improvement guidelines will be drawn for the sales, project management and training activities.

5.3.1 5S tool

The unit consists of three permanent staff members and 1one intern in an office.
The deadline for the tool execution is one to three days, including purchase of extra equipment.

Sorting out can take place in the office or in the negotiations room. Wastes that will be eliminated by procedure are excessive motion and defects.

***Sort*:** The only thing in the unit that needs to be sorted out is documents and papers that are mixed together and cause disorder. Old calendars, ads, drafts, old printouts, useless brochures are to get rid of. Also, old contracts that have no use now have to be separated from the papers that are used for work at the moment.

Set in order: As you see from the graph of the office in Appendices 5, the space is well arranged in general; however there is no order in the clients' documents. What office needs is a single paper storage cabinet, where all the customers' information would be stored. I would strongly advice to create a separate folder for each client company, name it respectively, and put all contracts, faxes, important emails, projects information etc in those folders. The folders should also be created for commercial offers, official letter samples etc, so when the next offer will be prepared, the employee will find the sample easily. The folders should be placed in an alphabetic order in a paper storage cabinet; they can also be marked with colours (one colour per folder type). Such innovation would significantly simplify the access to required data, save working time, and help to create an overall picture of the relationship with the particular client. Moreover, it would be useful for accountants and auditors. The bookcase, which is now used for all documents, will be a place to allocate documents that are required for work during the week: this will clear the space on the table, and after the data is no longer needed, it will be placed according to the respective folder.

Furthermore, as a step towards visualization of office, a letter tray is to be placed on each table to allocate the documents that each employee has to work with for the day. This way, the employee will have the understanding of what needs to be done during the particular day and set priorities. On the other hand, the allocation of work on the table will allow the manager to control the amount of work of each employee and what work is overdue. Electronic documents also require order: there should be a 'CLIENTS' folder with a separate folder for each firm with an appropriate name. Important electronic documents are to be printed out and put in the respective folder. The rest should be placed in a beforehand prepared electronic folder.

The size of a room is small and when four people are sitting there for eight hours the air is not fresh and windows have to be opened regularly. As a solution two to three plants have to be put on the window sill, which is now also used for messy papers: the office will become more comfortable, additional oxygen will be produced, and people will feel better.

Shine: After the area is reorganized, the final inspection and cleaning are to be done in order to prevent missing something out. As sorting and cleaning will take up to a few days, the employees should make a 5S schedule: there are constantly three employees in the office and they create a list, where they are listed one by one with the specification of tasks and dates. This will enable the staff to conduct 5S and still manage their daily responsibilities.

Standardize: Standardization is a basis for improvement, so in order to execute 5S properly, the employees have to have a clear image of what, why and when they have to do.
In the Sales Department, people have to understand the following: old documents and drafts either must be sorted and placed in customer folders or thrown away; the room has to be clean (no empty bottles, three days garbage, messy papers); cleaning has to be done regularly (once in one or two weeks) and it is in employees' own interest, as clean office is a base for productive work

Furthermore, the employees are to be instructed about the following:

Before leaving for the weekend, each employee has to inspect working place, clean dishes, throw garbage in the bin, sort papers and place unneeded in folders. Windows have to be closed and lights turned off. Cleaning and sorting activities are controlled by one of the employees.

When working with PC: employees have to install automatic updates to programmes and notify if the anti-virus system is no longer valid. This way the system's breakdown will be avoided.

Sustain: Clean up activities are to be repeated once in two weeks; the regular cleaner visit is to be continued as it is now (floor is washed two to three times a week), but dust and equipment have to be cleaned as well. The first clean up activity after the 5S application is to be done in 14 to 21 days. The employees have to be trained and instructed about the rules of the office. Once they fully understand the importance of the order (stop missing cleaning and place objects where they belong), they will take care of it by themselves and no strict controlling will be needed.

5.3.2 Standardized work

The deadline for major standardization is one working week; small adjustments and additions are to be made later with constant monitoring of missed processes. The procedure will enable elimination of defects.

Instructions may not be the key to all the issues but they are definitely useful for standardized procedures (even simple ones) which are expected to be executed in the same way. For example, if you take a burger from the famous chain of fast food in five different restaurants it will look and taste the same; yet, it was prepared by different people. It is possible when each cook is given precise instructions about how and in which order each ingredient is prepared. As a result, we have millions of satisfied customers who get exactly what they want.

- Sales department does many activities that are similar but require small adjustments per case. Still, no sample is provided. Target activities are invitations to seminars, phone calls to potential clients, report writing.

Standardized procedures for the sales department:

Web seminars are held once in two months, each of it has a separate information brochure. I suggest creation of a Word Doc with a standard text and logo that would include greeting, date and name of the seminar, target group, who is organizing, short programme and whom to contact in case of the interest.

Potential customers are usually contacted by the phone call or email. Both cases require a sample text that will be told to prospects. The sample may seem insulting for the staff but they have to be explained that it is not a sign of doubt about their qualifications but a way to avoid forgetting something (human factor) and delivering excellent service with the minimum time spent. So, either a print out or electronic tip should be developed.

When the sale is made, the company is sending a set of documents to be signed by the client. Each member of a sales team should have such a set on his PC in Russian and English – in case the client is a foreign company or is run by non-Russian speaking management.

The sales group is reporting to the director. The director is taking an active controlling part in the sales processes; he sets the goals and keeps his eye on the team from the beginning till the end of the sale. Therefore, he is familiar with the situation and writing long final reports is a waste; two to three pages should be enough. They must include the following information: company information, situation and demands; short process description; amount of sales and time spent on it; reality against set goals, future potential of both sale and client.

- Besides being a sales group, employees also have responsibilities as project managers and training coaches:

In situations where employees work as project managers, they basically follow the same instructions as when doing sales. Projects are too different each time to provide patterns for them, so basic actions can be executed based on the standardized work and the rest is done independently.

The company provides training for business effectiveness improvement and the use of certain systems to reach better productivity. Trainings mostly remain the same with small adjustments depending on the target business sector. Consequently, a programme for training classes can be prepared. Of course, employees prepare for the course but it is usually done each time before the training; this results in a great waste of time. Having a plan with listed topics and discussion ideas would significantly simplify the preparation to the teaching. In the best case scenario, the team would prepare PP slides together with a short document with the description of all the main points that are to be discussed. Moreover, feedback should be collected at the end of every training. This should be a paper with general questions and assessments – this way the particular listener would not be shy to share opinions about the course. The feedback must be looked through and alterations according to it are to be made in the teaching or discussion part.
Example of a possible feedback form can be found in Appendices 6.

5.3.3 Key Performance Indicator (KPI)

KPIs are a good way for both management and employees to keep track of their success.

Right now, KPI system basically consists of two indicators: money on the company's bank account that came from the client and monthly plan, individual for each employee that met the terms. The plan's fulfillment almost impossible to reach, as the plan is either made too complicated for one month or is constantly updated during the time it has to be executed.

KPIs have to be introduced to the employees, explained widely, and listed on a public place, e.g. on the bulletin board or in each office room. If the company would consider creating intranet, there should be a special link for KPIs and goals of each of them. KPIs should differ for sales, project management and coaching functions.

It is critically important that each employee understands the aim of each particular KPI; otherwise no results will be reached as people are less likely to follow something they do not comprehend. In order to acquaint the staff with the KPI system and convince them to use it, management should arrange a meeting with the explanation of what KPI is, which advantages it brings, and conduct a discussion. The information about KPI as a tool can be taken from the theoretical part of my research.

- Sales activities' main goal is to bring money to the business; therefore, KPIs are to be connected with profit. I suggest the following KPIs:

Name: Percent of contacted people who purchased the product.
Calculation: Number of customers * 100% / Total number of contacts
Goal of KPI: see if selling and marketing activities are successful. The number of contacted companies can be calculated through the Excel databases that are specially prepared before each calling activity.

Name: Re-purchase and updates purchase rates: what percent of the annual sales come from the return customers? (in RUB)
Calculation: Total or repeated purchases / Total annual sales
Goal of KPI: discover loyalty and satisfaction of customers. The KPI is to be calculated by summing repurchase and update purchase rates and dividing them by total annual sales. For further analysis, re- and update purchases can also be broken into two numbers to monitor which service is more in-demand.

Name: Seminars: percent of sales that comes from web-seminars' participants.
Calculation: Total income from web-seminars' participants * 100% / Total annual sales
Goal of KPI: measure effectiveness of web-seminars in terms of sales.

By ‘web-seminars’ participants we mean clients, who purchased the product and listened to the related webinar.

Name: (Annual) growth of return customers.
Return customers in this case are firms that have bought a product/service/training earlier and purchase another product/ service /training. This KPI would fit the company only partly because the products that were purchased have to be adapted to one’s business – the process can take up to one year. As the customer does not need the new product right after he purchased the same one, the growth can be calculated on a two or three year basis.
Calculation: If we calculate growth on two-year basis, then we take years 2010,2011 and 2008, 2009 and calculate the income in 2010 that came from customers that were ordering services in 2008 and 2009; then we make a proportion of this income to the total income for 2008 and 2009. Then we calculate the income from the same customers in years 2010 and 2011, and make the same proportion to the total income for these two years. In the end, we compare the proportions.
Goal of KPI: measure satisfaction and loyalty of existing customers

Name: Ratio of commercial offers versus orders
Calculation: Number of total offers / Number of total orders
Calculation is made in numbers and calculated on the annual basis.
The smaller the number, the more effective the offers are.
Goal of KPI: measure interest of the target group
If the same offer was sent to the company several times with slight adjustments it is considered as one offer. If various offers were sent to the company (e.g. each offer for the different department), then they are considered separate offers.

- As for Project Management, KPIs should look as follows:

Name: Rate of on-time finished projects against overdue.
Calculation: Total number of projects – On-time finished projects
Goal of KPI: measure the ability of project managers to plan and execute projects pro erly. Advised to be calculated using two year period due to the long length of projects.

Name: Project costs: budget versus actual spending

Calculation: (Total spending on project – Project budget) * (Project Budget / 100) %

Goal of KPI: measure level of accuracy in project's planning and extent of overspendings. Overspending can be a sign of poor financial management as well as a sign of underestimation of costs. When overspending is discovered, the implementation of project must be analyzed and, after the reason of excessiveness is found out, instructions have to be filled in to standardization work documentation in order to prevent future financial waste.

- Trainings KPI:

Name: Percentage of clients who repurchase the same or different training.

Calculation: Number of return clients * 100% / Total number of clients

Goal of KPI: analyze the interest in and quality of training from the clients' point of view Return clients here are customers that purchased trainings the last and current year. KPI is calculated on the annual basis.

Name: Satisfaction rate from the clients

Calculation: Satisfied clients / Dissatisfied clients

The KPI is calculated by analyzing feedback forms. The disadvantage of the particular KPI is that it does not provide 100% accuracy.

Goal of KPI: measure general satisfaction rate and evaluate training

5.4 Reception. Office Manager

Reception is the first room you see when you enter the office. This is where the office manager and most interns are working. The 'Reception' part of my work is divided into separate guidelines to the office manager and interns.

5.4.1 5S tool

The office manager and his/her working area are often underestimated. Yet, it is, at some point, more important to have order here than in other departments because the secretary has to work fast and precisely as it serves as an intermediary between clients/prospects and employees. As a face of the firm, the office manager has to reach working excellence.

Deadline for the tool execution is two to three days

Wastes eliminated by procedure are waiting (relevant for employees and clients); inventory; excessive motion

Sort:

The two phones that are placed at the reception are old and tend to work inappropriately. Moreover, buttons are hard to press, which makes calling a challenge. So, phones require immediate replacement.

The table is always full of papers and documents, many of which are left from the old office managers or colleagues and have no use anymore. Still, no one is throwing them away as they are not sure if the papers are totally useless. All those papers have to be sorted out and shown to responsible colleagues, e.g. balance sheets should be agreed on with the accountant and thrown away or passed to the accounting department. As for the table boxes, they are filled with non-work related items like small coffee cups: cups are used for clients/partners and employees should not drink from them, so this is a place to hide them. The same refers to tea and coffee of better quality than the ones that are for common use. Everything, besides things directly related to the secretary's work, has to be taken out from the table boxes.

Each candidate for a position that visits the office has to fill in a nine page questionnaire where he/she puts the same information that is already in a CV (which also has to be sent beforehand) plus a few other questions. It takes 15-20 minutes to fill in the document and the sole purpose of it is to compare whether the person has the same data in the CV and in this questionnaire. Of course candidates are confused and irritated as they have to spend extra 20 minutes of their time on something that they have already done and sent. Moreover, the questionnaires must lie on the secretary's table to ensure immediate access (there is a constant flow of candidates). This process is a waste of time, paper, space and should be erased.

Set in order:

The table where secretary sits is too small and has to be changed. Wider table will enable office manager to work with the documents without rumpling them and to avoid messy table. Cups and tea have are to be moved to the cupboard where the rest dishes are allocated.

The water boiler and water filters have to be exchanged for new ones. Extra filters are to be purchased and exchanged according to the expiration date. Furthermore, the employees might be insulted not only because of the dirty old water boiler but also by the separate drinks for them and partners. In order to avoid this situation, the same brands of tea and coffee have to be offered to everyone.

The responsibilities of the office manager include signing the time when employees are arriving at work and registering people for interviews. Both actions are done on printed papers: this causes extra paper and space waste. Instead, it is easier and faster to fill in the data electronically. Both data sheets are collected for the same employee (HR manager), so by using an Excel sheet and putting it in a shared folder we would enable the responsible employee, as well as the director, to control the records right from their working places and save time.

Only few staff members have keys from the office and office centre. There is also a separate key to enter the dining room and there are only two of them – one belongs to secretary and the second is for common use. Certain employees have to adjust their schedule and wait until the key is brought back to the place. I suggest that each full-time employee should be given a separate key: this will increase flexibility and help avoid waiting and interdependence.

The coat closet is placed in the reception room, and it consists of two parts. The left part contains various things, such as cleaning detergents, boxes, mop etc. Each item is needed but the area looks slovenly. The employees and guests are instructed to put their coats in the right side of the closet; still, some open the left part and expose the mess to everyone present. The area, therefore, has to be brought in order and things are to be placed in the most efficient way to create more space. The mop that the company owns now and that the cleaner is using, is old, partly broken, and the use of it requires extra physical activity and strength. Additionally, the tool is inconvenient and increases dramatically the time that is spent on cleaning. A new, modern mop has to be purchased.

The room is crowded most of the time. In order to keep the air fresh, several flowers should be purchased and allocated around the room. The reception room's windows are facing the sunny side; therefore, during late spring and summer time it is hard to keep air fresh. An air conditioner or improved ventilation system is a good solution to this problem.

Shine: After sorting and ordering is finished, the area has to be inspected for leftover imperfections. If more waste or mess is found, it has to be cleaned.

Standardize: The instructions for the employees are the following:

The working place should not be stuffed with dirty dishes, unused papers and non-work related belongings. Flowers are to be watered; windows are to be opened regularly. Water filters are to be changed regularly. Any breakage in equipment is to be notified immediately. If possible, documents should be worked with using the electronic form to prevent extra spending of paper.

Sustain: Working area is cleaned several times a week: either on Monday or on Friday. It should also remain in the general order during the week. The completion of instructions has to be controlled once in two weeks by Human Resource Manager. If the condition of the office is getting worse, instructions are to be repeated to the secretary in the form of personal conversation: the secretary should see this conversation as a friendly talk, and understand that all actions are taken in order to improve the company's and employees personal wellness.

5.4.2 Standardized Work

The large part of the work that the office manager does is repeated regularly and is done in a similar manner. Yet, there are no unified instructions for the processes, so customers, as well as the employees, receive a different treatment each time. In order to avoid differentiation, the company needs a set of instructions that would include all the repeated tasks of the office manager.

Deadline for the execution of the tool is two to five days. Wastes eliminated by procedure are defects, excessive motion, and over processing.

The sample instructions can be found below:

1) Work can be stressful and it often requires precise and fast actions. Be prepared morally and try to avoid nervous tension - it upsets you and affects business in a negative manner. It is just work after all!
   (The first instruction is not directly related to working processes but serves as a positive message that would 'break the ice' and create a positive attitude for the office manager)
2) When coming at work at 8:30 am, ventilate the room by opening the windows in the reception room; turn the lights on; water the flowers; place fresh water in the filters, and prepare tea and coffee; check the email.
3) As the employees are arriving at work from nine to ten am, it is advisable to remain in the working place as it is the office manager's task to open the front door.

4) Do not forget to write down the time of each employee's arrival in a separate document. The document is then to be sent to the human resource on Friday of each week. Furthermore, keep track of 'Leave Document' where employees are writing the time of their departure from the office. Make sure that everyone writes down their own timing and that the timing is right.
5) Answering the phone has to be done according to the sample: 'R-Pro IT Concern, Good Morning/Afternoon, <Name of the secretary> speaking'.
   When asked to connect with one of the employees, you reply: 'Could you please introduce yourself?' and 'May I ask you the purpose of your call?'. After these questions you can connect the caller to the respective employee and fill the latter in on the caller's name and purpose.
6) When ordering tickets for corporate trips, take the necessary documents or their copies before starting to order. Required documents would be for example the ID of the traveler. If ordering online requires immediate payment, please use the special corporate bank card. Always confirm dates and time of tickets/hotel/dinner place with the involved employee before making the purchase.
7) There is a schedule document with the dates and timetable for candidates. Applicants for internship could be registered for an interview directly. Applicants for permanent positions are registered after the confirmation from the human resources department.
8) It is your responsibility to ensure that white paper is always in the printer and that it is functioning properly. Please note the instructions on the printer. If you encounter any problems, ask one of the IT specialists for help and do not try to repair the printer by yourself.
9) When ordering business cards, use the special format and contact the partner printing agency. Information about both can be found on the PC in the folder 'Business Cards'.
10) There is a list of employees on the wall by your working table. The list includes birthdays and phone numbers. Please, keep the list updated, track birthdays and inform the management about them at least one week before the date in order to prepare a gift beforehand.
11) Taxi has to be ordered from the partner company. The contacts of the taxi firm can be found on the desktop in the document 'Taxi'.

Instructions from '5S' are to be attached to this instructions list.

5.4.3 Key Performance Indicator (KPI)

Company can use following KPIs to measure the office manager's performance:

Name: Loss in RUB due to administrative errors
Calculation: Total cost of operations including rework – Total cost of operations without rework
Goal of KPI: Errors cause loss in value; the goal of KPI is to estimate what loss causes mistakes of the particular employee. If losses happen regularly, it is advisable to set a limit of loss due to errors (in RUB), and if this limit is reached several times – consider extra training or a penalty charge.

Name: Complaints on the reception service
Calculation: total number of complaints
Goal of KPI: quantify the amount of complaints made by guests or employees regarding the reception and sort them to eliminate subjective criticism. KPI measures professionalism and defines the weakest points of the secretary's work. The company can set a limit to the number of complaints or define types of them that are especially inappropriate. The censure can be set if the limit is crossed.

Name: Tasks failed versus tasks completed
Calculation: Total tasks are divided into failed and completed as a proportion to total
Goal of KPI: the proportion helps to see the effectiveness and success of the office manager's work. As there are small tasks that are hard to track, this KPI should be temporary: during two to four days office manager's work will be monitored by the human resource department and the proportion will be made based on these days' activity.

5.5 Trainees

5.5.1 5S

Trainees who sit in the reception area do not have fixed working areas as they are periodically changing tables where they work. Therefore, 5S cannot be fully applied to these interns. Still, we can design it for the situations when trainees are leaving one working area for another.

Sort: Documents and papers have to be placed in folders, forwarded to responsible employees or thrown away. Created files have to be deleted from the PC or placed in special electronic folders. The table has to be clean from papers, as well as non-work related items.

Set in order: Garbage should be thrown in a garbage bin; dishes are to be washed and left in the respective cupboard.

Shine: Clean the dust and stains from the working area.

Standardize: Equipment has to be treated carefully; each breakdown has to be notified immediately. Employees must not install video games and other programmes that are potentially harmful for the PC and must not delete system files without prior approval. Install updates are to be made if the programme offers it. Staff should avoid creating too many folders and cluttering up of the desktop.

Sustain: Instruct the trainees about the importance of order as a way to grow the inner culture of Lean. It is recommended to check PCs for viruses and clean them from extra information once in one to two weeks. Dust on the working place is to be cleaned at least once a week and when leaving the working area.

5.5.2 Standardized Work

Deadline for the execution of the tool is two days. Wastes eliminated by procedure are defects and inventory.

1) Each trainee receives a working place with a separate PC and a personal corporate email.
2) Only corporate email must be used for official work-related communication with clients and co-workers.
3) After completion of the tasks, send the short report with necessary links and attachments to your mentor.
4) When creating the database, please use the following columns: Name of company; Business field; Link to website; Contact person's name, Contact person's email ad-

dress; Phone number; Address. This is a compulsory list but other columns can be added if necessary.

5) If you need to leave to go to the university or have other private issues, please inform your mentor at least one day before. If you get sick, please notify the office manager by the phone.
6) Try to work with electronic documents and avoid needless printing. If you need to draw some notes for yourself, please feel free to use paper on the left side of the printer, which was already used on one side.

5.5.3 Key Performance Indicator (KPI)

KPIs are not as necessary for trainees as they are for permanent staff members because the trainees are mostly busy with one major and few minor tasks during their internship. Still, each task affects the company and as a potential future employee, the intern's work can be evaluated.

Please find below possible KPIs for trainees:

Name: Absence versus presence
Calculation: Total number of absence days * 100% / Total number of working days
Goal of KPI: define attitude towards work. Absence days are the ones that were missed with no explanation/prior notice and with no good reason (e.g. sickness). If student has missed more than 20% of the internship, we can also count the days, when the absence was due to a reasonable excuse.

Name: Failed versus completed tasks
Calculation: 1) Total number of tasks – Completed Tasks = Failed Tasks;
Completed Tasks / Failed Tasks
Goal of KPI: measure abilities and effectiveness of the intern. Interns mostly have the large mission that they carry through the entire time of internship; therefore it is easier to calculate all tasks.

Name: Rate of on-time finished tasks against overdue
Calculation: Total tasks finished on-time / Total tasks with overdue

Goal of KPI: measure intern's time management skills.

Each KPI can be used for the future characterization of the trainee for university or when considering whether to hire this particular intern or not.

5.6 Human Resource: Motivation

Employee's flow is a common and very costly issue for many companies. If high turnover is not part of your strategy then you have to fight it fiercely. Training new people can last weeks, which is already a high cost for the firm. If new faces are appearing all the time the company risks losing clients who face unprofessional treatment. Moreover, if a long-term customer is always working with new employees, he/she may see a reason in people not willing to stay in the company, and it might weaken the company's image.

The research identified high dissatisfaction which is already causing the high employee flow. In order to improve the situation, a set of motivation methods has to be designed.
As we see from the research, people's motivation and excitement about their working place is rather low. Such behavior definitely affects business in a bad way, so Human Resource Department should keep track of the situation and take action.

Following ideas can be used by HR to raise the motivation.

The employees of R-Pro are definitely not putting salary on the first place because they have worked in the company long enough and stayed even when salary had been cut or delayed. Therefore, money is a good but not always necessary way to compliment or motivate. The company is already celebrating big holidays, such as New Year, Women's Day or the director's birthday. As a new step, HR could arrange small parties connected with the end of a big project. To stay in the budget, it could be a walk to coffee shop with some coffee and sandwiches. Celebration of the finished work would give the employees a feeling of being valued, and also it is a great chance to spend time together in an informal atmosphere, which is good for both the director - employee and the employee - employee relationships.

The company is small; there are not many career growth opportunities. Still, if the new position is opening, HR is always looking for an outsider. Instead, it could go through new position's responsibilities and try to divide them between the existing employees, if work-load allows it and increase their income proportionally to new responsibilities. The company could also provide training for the employees to gain skills required for new tasks. This, of course, has to be agreed with the staff beforehand. (Womack, 2007, 225).

Provide people with all they need to work effectively. The company has rather good working conditions for the employees: tables with PC's and personal email, drinks and facilities available. Yet, the lunch is not fully fixed: lunch time is flexible but people have to use the entire hour and when they want to skip or shorten lunch, they still have to work till 18:00 or 19:00 respectively. Such policy is also true when the employee has done all the work and no more work will be coming on the day but he/she still has to remain in the working place. In this case, people start to lose motivation to do things fast – why bother if they have to kill the time until the end of the day? By allowing people to go if they are finished and did not use the entire lunch time management can significantly increase the staff motivation. Of course, there is also a risk involved: if such practice is introduced first weeks have to be monitored to see whether employees exploit the new conditions in a good or bad way. Also, now only few people have their own key to the office and the rest have to use one common key or ring the bell when they come to work. In this situation the employees are trapped if someone has already taken the key to go downstairs or outside. By providing people with individual keys, we would give them more independence and flexibility.

Not only employees need to be motivated but also interns. As potential employees, they are watched and analyzed on whether or not they fit the company. On the other hand, interns are also analyzing the environment in the firm, and if they see that no respect/challenging work/income is waiting for them, they will not work as hard as they can. Right now, internships are not paid and the interns follow strict orders with little creativity, and receive little training. Moreover, as soon as the company realizes that the intern will not continue to work in the company, the effort on the intern drops dramatically. Internships could be made paid: the salary can be equal to the minimum wage (approx. 180 EUR). As the intern flow is large and constant, the company could start paying interns after three weeks of the internship.

Furthermore, HR department together with other departments should develop a book or an electronic file with all the relevant information for intern, such as general rules of the company; extended data on the company's structure, clients and business field, manual on how to use email, scanner and printer, specific computer programs; terms glossary etc. This would be a guide which interns would be able to use any time and not distract the employees. HR could also inspire management to develop Values, Mission and Vision. This would not only officially state the goals and beliefs of the company and inspire the existing employees, but also increase attractiveness by potential clients and potential employees.

HR can be a great help and support to the employees. Still, the manager is the one who runs the company, so Human resource has to make sure that they are in one team with the director. The Human resource office should be a place where people can come and share their concerns without being afraid to be disclosed to the CEO. HR must develop a trustworthy reputation by assisting people with their problems and by being an intermediary between the employees and the director. The latter should be provided with information and consulted on possible solutions to situations.

5.7 Accounting, IT and International Relationships Departments

Since IT, Accounting and International Relationships units were left out from my improvement programme, I did not develop guidelines for them. Yet, I would strongly recommend the management to consider applying some of the tools, such as 5S or Standardized work, especially if units will expand.

6 CONCLUSIONS

One of the objectives of my thesis was exploring the Lean Office as a business methodology. When I started my work, there were only few things that I knew about Lean. As I proceeded, there were more and more exciting facts that I was learning. Lean methodology has the same goal as most of the business improvement techniques – to reduce costs. Yet, what makes it special is that it focuses entirely on a company’s inner processes. Nobody and nothing is perfect and there is always something that the company can improve before jumping to financial injections, which are so popular but bring only short-term results.

The second appealing discovery about Lean to me was its praising of employees. Many companies identify their employees as an organization’s key asset but in fact the only way companies care about their staff is by paying them a high salary. Lean approach supports fair income but the main aspect of it is to conquer the minds of employees – making them like-minded. The combination of true employee's commitment and focus on internal processes' transformation is the main factor of success in the Lean.
Another important part of the Lean methodology, waste classification, considers such untypical

factors as underutilized creativity (waste of people talents) and information as a form of defect.

The second goal of my thesis was to study the current situation in the case company and implement the methodology to it. So, through the entire time of my internship in R-Pro, which was two months, I was not just working but also analyzing everything I saw and did. This significantly improved my observation skills and made my work more interesting.

During the analysis of the company, more and more details were found that had to be changed or eliminated. From the other side, R-Pro already has some of the basics that, in the future, will be a great help in the Lean Office implementation. The outstanding example of such basics is interchangeability which is widely practiced among the employees.

Kanban, 5S, Standardized work and other tools suggested for the company represent a vital set that has to be applied in order to create a strong basis. Once they are used sustainably, after a few months, R-Pro Consulting will be able to move on the next step and deploy more sophisticated techniques of the Lean Office.

The main challenge on the way of the company's transformation is the management's policy. The views on employees and service quality need to be modified for the company to grow.

As a conclusion, I would like to say that last months of working and writing the thesis helped me to develop my scientific and practical skills. I really enjoyed learning about Lean and conducting a research. So, hopefully completion of the thesis will not be the end but rather a starting point of a productive partnership between me and the R-Pro Consulting.

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APPENDICES 1 (Survey questions)

- Below is the list of questions to **students**:

1) What is your university/faculty/year of education?
2) How did you find out about the placement in R-Pro?
3) Is your internship compulsory or voluntary?
4) How long is your internship?
5) How do you combine studying and working?
6) What is your opinion on this internship being non-paid? What salary would you like to receive for this internship?
7) What were your impressions on the training on the first day of internship: have you had any; was it enough? Please describe it. What would you change in the training if you could?
8) Do you have a mentor/supervisor? Who is he/she? Do you like working with him/her?
9) Please, tell me about your responsibilities:

- Do they match your profession?
- Are they challenging?
- Are they all the same or is there differentiation in tasks?
- Do they occupy the entire working day or can you make it fast and relax the rest of the time?

10) What would you change if you could? (in anything)
11) Accepting to the job:

- The interview process: the length, was it difficult?
- What about the questions of human resource representative?
- What was your impression?
- Did you send your CV before the interview took place?
- What were your feelings about the 9-page questionnaire that you filled in after arrival to the company?

12) Do you like R-Pro Company? Would you stay for a permanent job?
13) Lunch of 1 hour: what do you think about it?

- Would you shorten/extended time for lunch?
- Do you spend the whole time on lunch? If not- what do you do during free time?
- What is your opinion on shortening lunch to 30min and finishing working day earlier?

14) Do you know exactly what company is doing and who clients are? Please, explain
15) Do you afford yourself to miss days/skip doing tasks or do them badly/come at work or leave later or earlier?
16) Tell me about your previous internship
17) How do you work now comparing to your last internship?
18) Do you like your working place? Is all equipment you need there? Is it convenient? Is it easy to concentrate?
19) What are your thoughts about other employees: did you become friends; is it easy to work with them; can you communicate on the same level?
20) Office: it is convenient for you? What about the building condition?

- Here is the list of questions to **employees**:

1) How did you find out about the job opportunity in R-Pro?
2) Do you like your job? Why?
3) How easy it is to get a vacation?

- Is your vacation paid?
- Your opinion on cuts of vacation because of being late to work
- Do you get additional days for vacation for overworking?
- How do you like the system with vacation?

4) Tell me about sick leave: money policy and management's reaction
5) Do you have business trips?

   If yes: is everything there arranged, who pays for the trip; how long does it usually last; how many people go for a trip; do you have to conclude reports?

   Do you still have to make your main job, or somebody takes care of your responsibilities while you are away?
6) What is your opinion on office: location; condition of building/furniture/equipment?
7) Food, drinks and dishes. Do you want fresh fruits/better drinks in there?

   What is your opinion on different tea for employees and company's partners?
8) Do you think that you should have your own office key?
9) Lunch of 1 hour: what do you think about it?

- Would you shorten/extended time for lunch?
- Do you spend the whole time on lunch? If not- what do you do during free time?

- What is your opinion on shortening lunch to 30min and finishing working day earlier?

10) Intranet- does company need it?
11) Do you know exactly what company is doing and who clients are? Please, explain
12) Do you allow yourself to miss days/skip doing tasks or do them bad/come at work or leave later or earlier?
13) Accepting to the job:

- The interview process: the length, was it difficult?
- What about the questions of human resource representative?
- What was your impression?
- Did you send your CV before the interview took place?
- What were your feelings about the 9-page questionnaire that you filled in after arrival to the company?

14) Do you like R-Pro Company? Do you plan to make a career here? How long do you plan to work in the company?
15) Meetings: do you have and need them; how are they arranged; do you like the way they are arranged; what could be done better?
16) Do you like your working place? Is all equipment you need there? Is it convenient? Is it easy to concentrate?
17) What are your thoughts about other employees: did you become friends; is it easy to work with them; can you communicate on the same level?

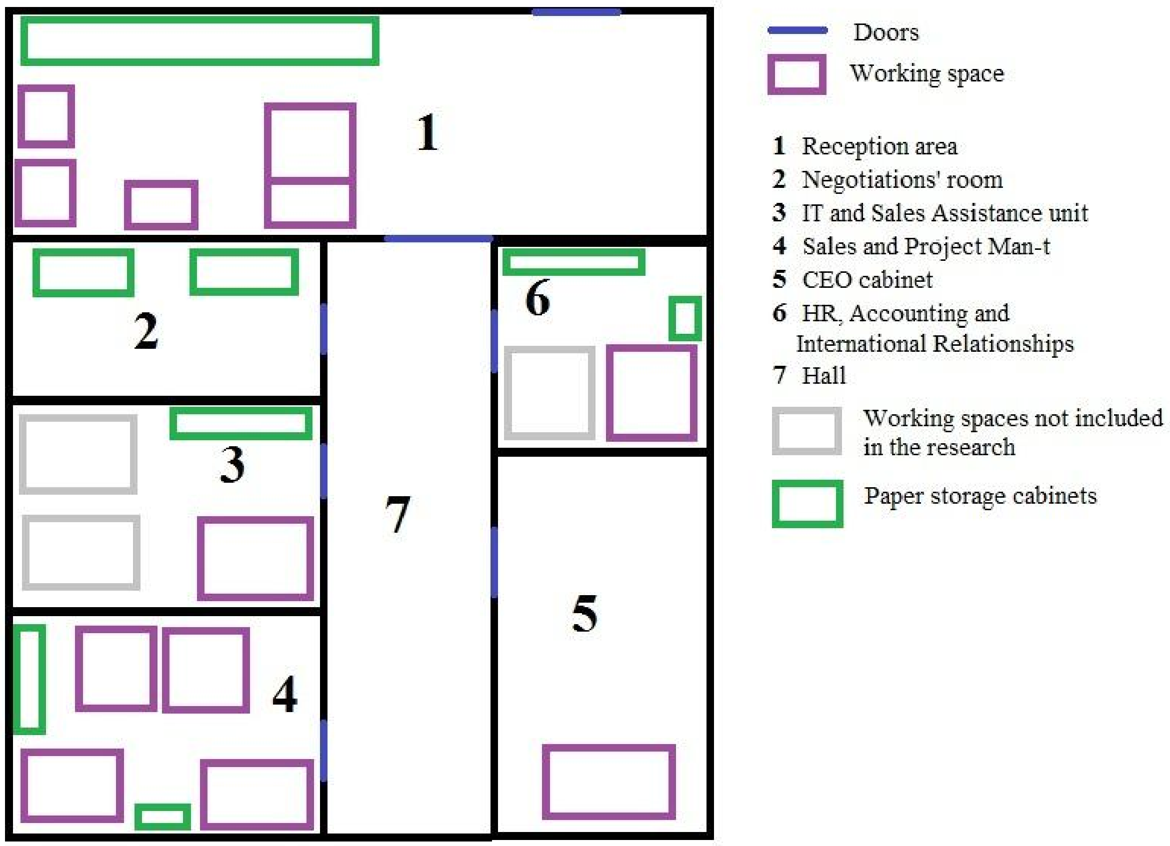
APPENDICES 4 (Kaizen card example)

Kaizen cards				
VSM:	Target activity	Date:	01.01.2011	
Department:	Target department			
Tools	Task	Responsible employee	Timing	State
5 S	Sort	Smith	30min	done
	Set in order		45min	
	Shine		60min	

VSM - Value Stream Mapping

APPENDICES 5 (Office plan)

Office Plan



APPENDICES 6 (Example of the training feedback)

FEEDBACK FORM **<Company name>**

Name of training: ________________________________

Length of the training: ________________________________

Training given by: ________________________________

(Please cross off or circle the number which in your opinion corresponds best to the statement. 1 – absolutely wrong; 5 – totally agree)

1. During the training I gained knowledge which I expected to receive

   1 2 3 4 5

2. This knowledge is relevant and will help me to reach my goals

   1 2 3 4 5

3. Speakers were interesting to listen and easy to understand

   1 2 3 4 5

4. Time of lectures was well-managed

   1 2 3 4 5

5. Discussions were appropriate to the training topic

   1 2 3 4 5

6. I enjoyed having this training

   1 2 3 4 5

7. I would like to order another training from R-Pro Consulting

   1 2 3 4 5

8. I will recommend R-Pro Consulting trainings to my colleagues and clients

   1 2 3 4 5

9. If you have any comments, complaints, ideas or suggestions – please write them below:

   ____

   ____

   ____

   ____

Feedback form is anonymous, please do not write you name