

White Paper

Establishing Lean Metrics – Using the Four Panel Approach as a Foundation for a Lean Scorecard

Brian D. Krichbaum

October 12, 2007

© Process Coaching Inc. All Rights Reserved
www.processcoachinginc.com



Establishing Lean Metrics – Using the Four Panel Approach as a Foundation for a Lean Scorecard

As you start the journey to becoming a lean thinker, it won't be long before the need to develop a data based reporting system becomes apparent. The concepts and practices that are collectively known as lean manufacturing are not difficult. In fact, they are often deceptively simple. But given the demands of managing a business, it can be challenging to maintain momentum over the long haul. When your data reporting system supports the lean concepts, it will be easier for you to stay consistent with lean principles. The Four Panel approach helps in developing this reporting system.

Quality	
Vision	Goals
Provide the highest quality products and services that consistently meet customers' expectations and our competitors' capabilities while continuously improving our manufacturing processes.	Reduce delivered defects to customers by 95% Reduced produced defects by 99% Respond to customer complaints within 1 day, and resolve their issue within 1 week.
Measures	Strategies
<ul style="list-style-type: none"> • Customers Returns – count of RSA's • PPM - End of Line Inspection Results • Complaint Response Time – From customer response log 	<ul style="list-style-type: none"> • Develop improved development verification systems - July 15 • Development and widespread implementation of mistake proofing techniques - Plan Apr 10; Implement - Aug 31 • Form complaint response team - Mar 3

Completed 4 Panel for Quality

In their white paper *“The Balanced Scorecard – Measures that Drive Performance”*, Robert S. Kaplan and David P. Horton establish the need for a data based reporting system for managing the critical success factors for a business. “No single perspective paints a comprehensive picture of a company’s health. You need an approach that balances several perspectives and provides measures that enable you to track performance.”¹

A management reporting system asks you to think of your company’s mission and strategy from four key perspectives:

1. How do customers see us?
2. At what internal processes must we excel?
3. How can we continue to improve and create value?
4. How do we look to shareholders?²

¹ Kaplan, Robert. "The Balanced Scorecard - Measures that Drive Performance." Harvard Business Review January - February(1992)

² ibid