

Fad or Panacea — Lean Management

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The NHS will need to make real term cost savings whilst maintaining and, where possible, enhancing the quality of essential services. The requirement for efficiency savings to enable reinvestment in quality is estimated to be up to £21.1 billion by 2014 (Department of Health, 2010; Appleby, 2009.). This requires the NHS to increase productivity by 6 percent per annum (Appleby, 2010) while the Office of National Statistics estimates that productivity¹ actually fell by approximately 0.3 percent per annum over the period 1995-2008 (ONS, 2010). Productivity is highly variable within the NHS and even within trusts (NHS Institute for Innovation and Improvement, 2004). Given these pressures, the productivity of healthcare organizations is an incredibly salient topic; lean management is a particular pertinent and topical issue.

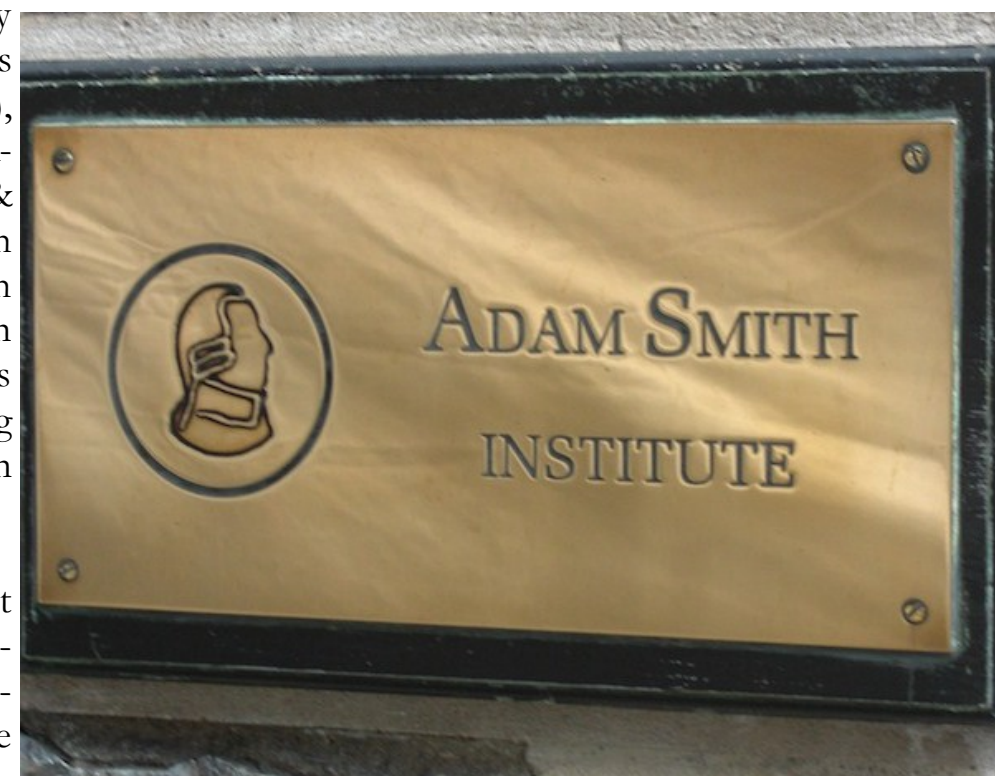
The lean philosophy of management, proposing a new paradigm of work organization and trust-based relationships with employees, suppliers, and clients, has promised to eliminate waste, reduce costs, and improve product quality (Krafcik, 1988; Womack *et al.*, 1990) through the adoption of a number of operations (OM) and human resource management (HRM) practices, including Just-in-time (JIT), Total quality management (TQM), Total productive maintenance (TPM), cellular manufacturing, extensive cross-functional training and quality circles (Rehder 1994; Shah & Ward, 2003). Lean is making a transition from the manufacturing sector to the health service and public sectors. There is doubt of the applicability of Lean to the health sector. Many of the writings indicated that many of the processes and services within the public sector can gain greater efficiency by considering and implementing aspects of Lean. However, there is still little evidence of the complete Lean philosophy being applied in the public sector so it is not possible to state completely that it can work in the health sector.

The true implementation of Lean into any business, including the NHS, carries with it the necessity for some form of a free market philosophy. The realization of the business process improvement methodologies (BPIMs) to achieve Lean requires businesses to be as unrestricted as possible. Firms facing boundaries such as minimum wage laws, fixing of prices, as well as tariff and non-tariff barriers on trade, (Friedman, 1980) are then limited in their ability to satisfy the objectives of a Lean structure. Albeit, the traditional goal of free market philosophy is to maximize a firms competitive advantage, (Krugman 1987) and the NHS does not necessarily encounter competition, aspects of a free market philosophy can still be applicable to the NHS delivering a Lean system of management that will provide increases in efficiency, productivity, and quality; conditions highly demanded from any publically funded agency in recent times. However, the economic and financial challenges lie not in theory but as always in application.

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