

## **Business Essentials: System Reviews**

### ***Are your Business Systems overdue for a checkup?***

*by Fred Heintz, CPIM CIRM*

**M**ost people wouldn't go years without a physical exam. They certainly wouldn't go that long without changing the oil in their cars. A maintenance manager who just lets machines run on the shop floor until they break down would surely be considered pretty negligent. But what about the IT systems used on a daily basis in our companies? Even though these may be as important to running the business as the equipment on the shop floor, they often go far too long without a review.

Frequently, the computer system being used in a business isn't looked at by the IT department unless something breaks. If a user calls reporting a problem with operation or corrupt data, only then is someone forced to take a look. Shouldn't a review of the system be a planned activity? This doesn't need to be a huge review process, but does need to be well thought out in terms of what to check and how to ensure that the system is meeting the business needs.

A system maintenance review should be similar to a preventative maintenance process on a piece of equipment:

- It needs to be specific to the system being reviewed. While the categories being reviewed in all IT systems will be the same, the best way to review each of them will be different.
- This process can be used for any business system. It isn't meant for only computer systems, but also accounting or any other back office functions.

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## **When the Going Gets Tough ...**

*by Tom Dzialo*

**W**ith the global economy in general, and the auto industry in particular, in the worst shape in more than 25 years, even Toyota is buckling down. The venerable Lean Leader, inventor of the Toyota Production System has, like



everyone else, been forced to tighten its belt.

An excellent article published in the New York Times on May 12 highlighted the steps Toyota was taking in North America to eliminate its losses in the first quarter of 2009 (which were greater than GM's) and get back on track with its years of record profits.

Plant shutdowns were required to reduce their unusually high inventories of autos closer to their 20 to 45 day range. External spending has been cut, and internal resources are innovating more than ever on projects large and small. Sales and operations are again working more closely to balance demand with supply.

Forecasting the future is difficult for even the best. Hard lessons learned are not soon forgotten. The old Boy Scout motto, "Be Prepared," comes to mind! ■





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- It needs to clean the data. Just as you would change the lubricant on a piece of machinery to keep it clean, the data that underpins the system needs to be clean if the system is to be expected to work properly.
- The people need to be trained on the system. This review process is a good time to make sure everyone is using the system properly in order to find out if user training is required. Perhaps problems with the system stem from user error, and training will correct those so-called "system problems."

A system check up should be run similar to a kaizen event. There needs to be a concentrated effort over a short time period to get all the tasks done. The complete effort will probably take more than one week, but within a week all major areas needing work can be reviewed and prioritized, and the project plan can be put into place. The project plans should be in the 30 – 60 day completion range. If this process becomes part of the culture of the company, these time frames will shrink significantly.

How do we know what to look at? Like any maintenance program, a checklist of what to review needs to be created. While it might not seem as simple as an equipment review, it would basically be the same process. Some items always need to be reviewed while others only need review if they appear to be causing problems. Some ideas are:

- Pain Points – Where are the majority of complaints or help requests coming from? The IT department or system experts should know, either statistically or intuitively, what areas of the system have been giving users the most problems.
- Data Integrity – Is the data clean

and accurate? Are there duplicate part numbers, duplicate vendor numbers, incorrect BOMs, etc. "Dirty" data can clog a system. Cleaning data will lead to less inventory, less out-of-stocks, and quicker, more accurate information flows.

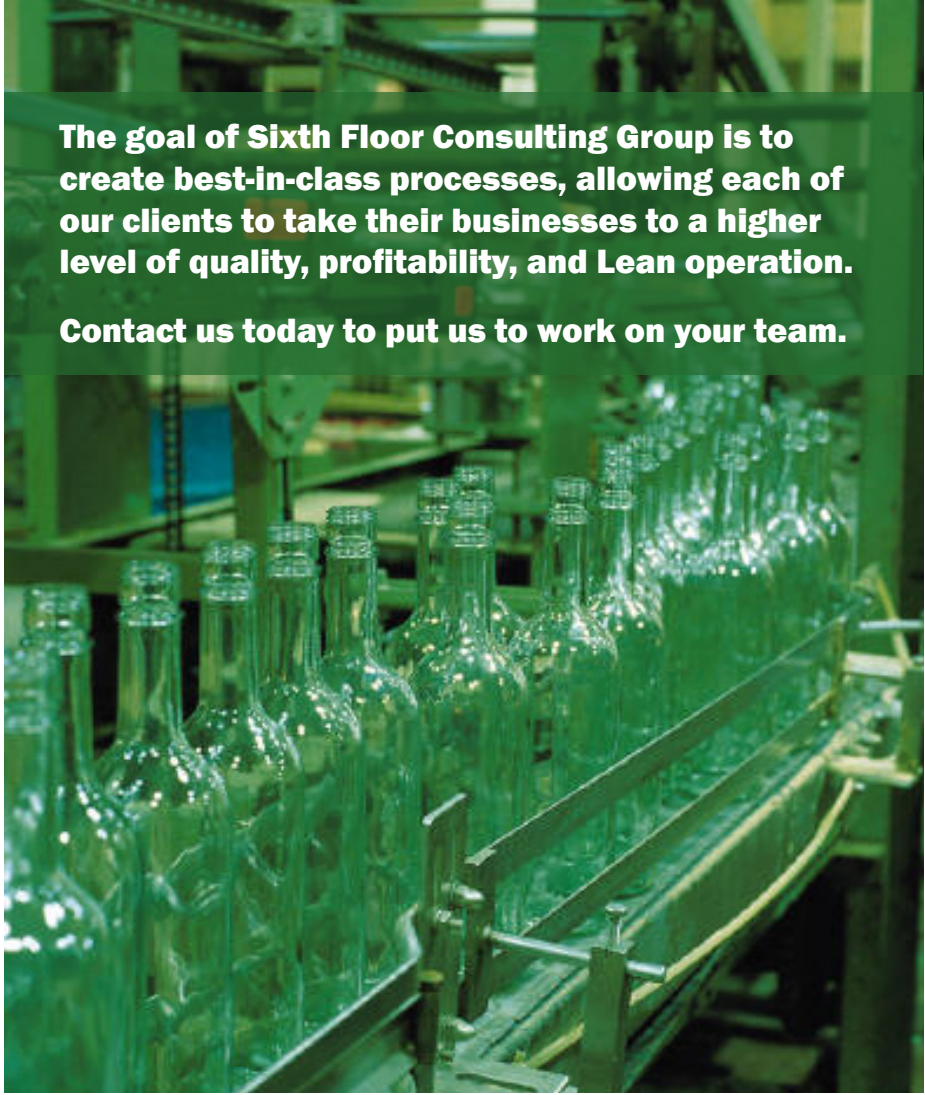
- Report Usage – Are the system reports being used? Are any reports being generated automatically? Who uses them and why can't they be on-demand? This is a key area to look at when doing an Accounting System review. Too often people keep generating reports even after people have stopped using the information.
- System Usage – Are there any "work arounds" in place? Have

people created ways to bypass the system because it is too complex? Hopefully these are not present, but if they are, they need to be addressed immediately. A "work around" indicates a major failing in the system. Unfortunately, fixing these becomes more than a short term project.

While these tasks may sound daunting, this is not meant to be a major project. Most of the time, the greatest effort required is in data clean up. This is plodding work, but there are tricks and techniques to help this effort go more quickly.

The key to making this checkup process work lies in not over-complicating it. Pull together a cross func-

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**The goal of Sixth Floor Consulting Group is to create best-in-class processes, allowing each of our clients to take their businesses to a higher level of quality, profitability, and Lean operation.**

**Contact us today to put us to work on your team.**



## Sixth Floor BOOK REVIEW

by Lori Modifica

***Who's Counting? A Lean Accounting Business Novel*** by Jerrold M. Solomon (2003, WCM Associates)

What exactly is a *Lean Accounting Business Novel*? Sounds like an odd combination of words! How can an accounting textbook be a novel? This wonderfully written book gives the reader a simple way to learn about lean manufacturing and accounting while being entertained.

The story is about the employees of a company beginning on the lean path, and their internal battles with the new concepts. Written primarily for financial types, the main character is Fred Chapman, the CFO. I found myself really relating to Fred as he was struggling to understand lean and some of the changes required in accounting and systems. Readers will also be able to identify themselves or their co-workers among the other characters, like Jim Lawton (the Plant Manager) or Steve Taylor (the VP of Sales and Marketing). These characters exist in all of our companies large and small, and I predict that you will find yourself smiling as you read the 250 pages.

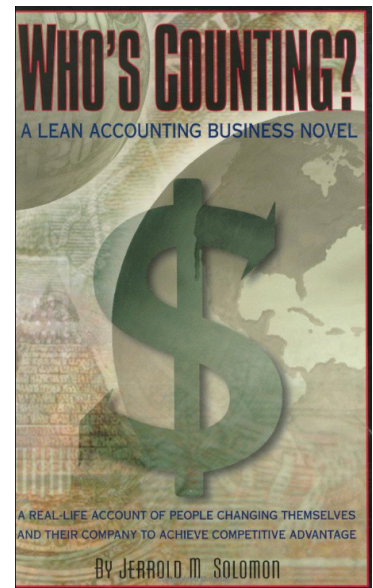
The author successfully answers the mostly common questions and misconceptions about lean and account-

ing. He skillfully, yet humbly, explains why many of the traditional accounting techniques are outdated and misleading, and he provides some practical new alternatives.

Just as importantly, this book deals with the emotional impact a culture shift like moving to lean can have. Resistance, fear, or misunderstanding of the change can result in failure of any initiative.

Lean's success heavily depends on people and their active participation and acceptance. Yet people are usually uncomfortable discussing these personal issues. *Who's Counting* recognizes this and allows us to deal with these sticky questions in a funny and unguarded way.

I highly recommended this book for all financial employees and others. It is a must for every lean library, and I recommend re-reading every five years or so. ■



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tional team to make sure all areas are reviewed. Again, this is most critical in reviews in which you wouldn't immediately think of using a cross functional team, like in an accounting system review. Empower the team to make changes to any broken processes found. This becomes critical for data integrity issues. The value of correcting bad data is short lived if the process that caused the incorrect data is not fixed.

Does your system need a check up? For help in reviewing and implementing a system review process, contact Sixth Floor Consulting Group. Our consultants each have more than ten years experience setting up and implementing business systems in multiple industries. ■

Time waste differs from material waste in that there can be no salvage. The easiest of all wastes and the hardest to correct is the waste of time, because wasted time does not litter the floor like wasted material.

~ Henry Ford



## Mark your calendar ...

Date	Event	Topics
June 8	Half-day Inventory Control Workshop at CCSU-IBTD	Identify improvement opportunities in your monthly/annual Physical Inventory counting exercise.
June 15	1 Day Lean Systems Workshop	Learn to use Accounting and Information Technology to speed your Lean journey
June 22 - 25	4 Day Lean Leadership Certification Workshop	Each day will be at a different manufacturing facility on its own Lean journey. Presented by Leanovations and Fred Shamburg.
July 20	Half-day Inventory Control Workshop at CCSU	Don't Count on It! Learn effective cycle counting.

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