

# 7 deadly wastes in a business

ebook



one place  
for business



# roll up your sleeves and tackle the waste in your business

## how to create a culture that does not tolerate waste

When we say 'waste', we don't just mean empty the rubbish bin! We're referring to Toyota's '7 Deadly Wastes' model.

Although Toyota designed the waste model to apply in a manufacturing environment, we guarantee you'll be able to find some waste buried in your business. This waste prevents growth, reduces profitability and

ultimately reduces the capital value of your business.

Some waste is physical [like the bin full of paper next to the printer] and others are hiding in your processes [like the unnecessary time it takes to deliver something to your clients].

Eliminating waste from your business could be just what you need to refine your business strategy and improve profitability. Check out the 7 examples of waste overleaf – you may be surprised just how obvious and common they are in business.

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**create a culture that does not  
tolerate waste and you will be  
amazed by the impact it can have  
on performance, profitability, value  
and even staff motivation**



# 1.

# too much overproduction

Overproduction exists when a business produces too much of something or before the product or service is required.

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# 1. overproduction examples

- + Producing a stockpile of products ready to be sold 'one day'
- + Delivering more services than required by a client [maybe they do not see value in the glossy report]
- + Overstaffing
- + Purchasing too much of something [like inventory, stationery and promo material]
- + Over-designing work processes [just get started]
- + Having to pay overtime rates when it could have been avoided
- + Over-servicing [but only if the customer does not see value in it]
- + Excessive office opening hours
- + Management reports no one reads
- + Proposals for unqualified leads
- + Write-offs [especially in a professional services environment]
- + Duplicated communication
- + Unnecessary meetings

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In our efforts to make customers love us, we often produce more than they actually need or want. If they do not see value in this, it is a waste of our time and effort.

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# 2.

## too much waiting

Waiting represents those bottlenecks in your processes that mean it takes too long to complete a task before the next task can be started. To find this waste, a great place to start is doing a process map of individual processes within your business.



## 2. waiting examples

- + Management approvals/decisions
- + Clients to respond to questions or provide necessary information
- + Customers waiting for goods to be delivered
- + For a supplier to provide a component necessary for your manufacturing process
- + For contact database to be updated
- + Repair of machinery, vehicle or equipment
- + Staff absenteeism
- + Excessive office opening hours
- + Payment of your invoice
- + Passing on instructions
- + Returning phone calls [phone ping pong]
- + Being late for meetings
- + Order of travel between meetings

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Draw one of your processes on a whiteboard, stand back and find the bottlenecks that are holding you back from being more efficient.

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An aerial photograph of a coastal landscape. On the left, there's a light blue body of water with white foam from breaking waves. To the right of the water is a sandy beach. Further right is a paved road that curves along the coastline. A small white car is visible on the road. The area to the right of the road is covered in dense green vegetation and some rocky terrain.

# 3.

## transporting too far

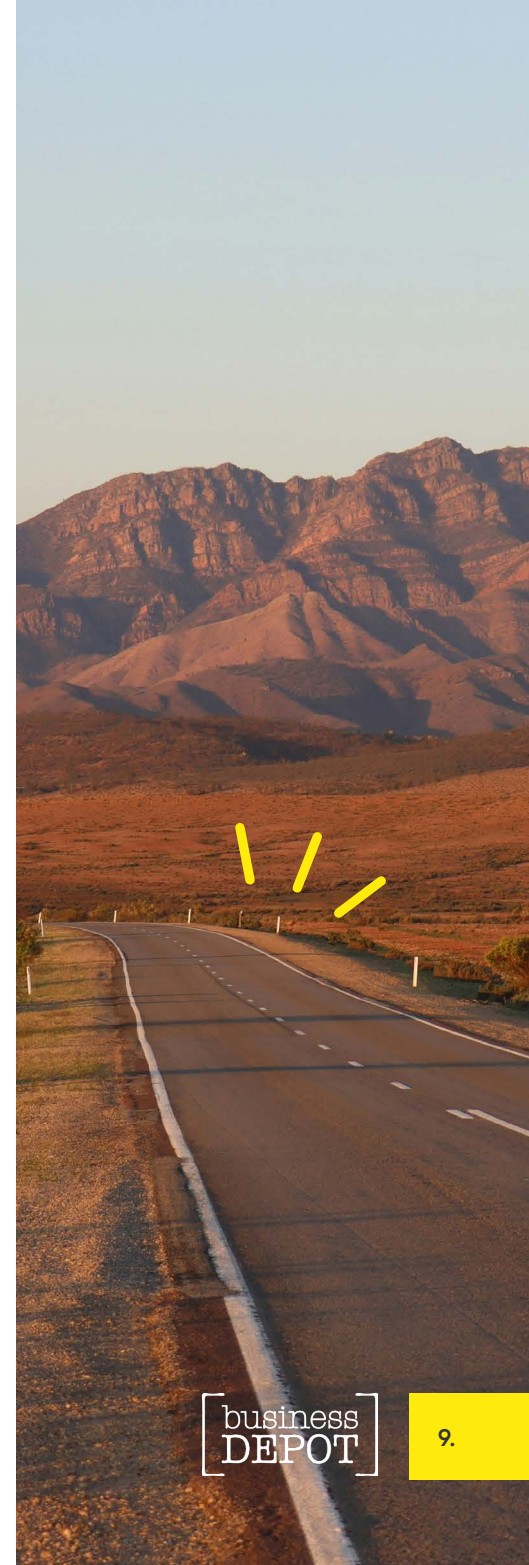
Transporting documents, individuals or tools of trade costs money. In the case of Toyota this may include transporting a car to a different factory for painting – clearly a step in the process that does not add value but also an opportunity for something to go wrong.

# 3. transporting examples

- + Excessive handling of documents
- + Travelling to meet clients
- + Multiple locations [transporting information and staff between offices]
- + Use of couriers
- + Office layout [location of photocopiers, printers]
- + Order of meetings for a day
- + Too many suppliers
- + Travel to conferences
- + Method of transport [like use of sea over air freight]
- + Warehouse and factory layout
- + Multiple deliveries during a day
- + Use of right communication method

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There are better, more efficient ways to get something from A to B – or better still eliminate transporting from your process completely.



# 4.

## inappropriate processing

Sometimes you are just going about something the wrong way... 'using a sledge hammer to crack a nut'. This waste includes using overqualified staff for a mundane role in a business. Are you using the right person for each task in your process? Is there a tool that would complete the task better?

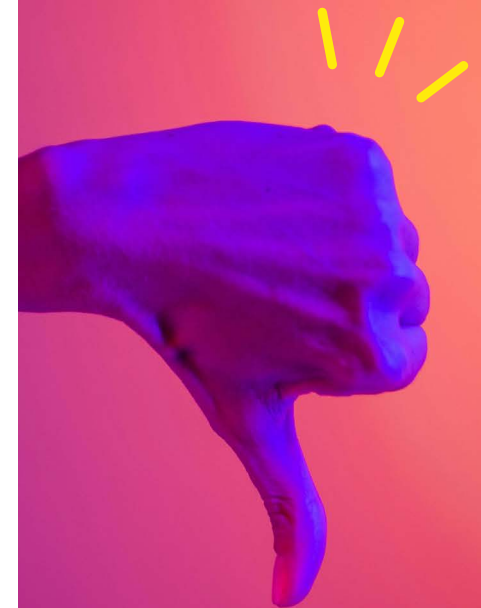


# 4. inappropriate processing examples

- + Business owner doing the bookkeeping
- + Wrong machine for the job [eg photocopier built for an architect being used by a plumber]
- + Wrong or inappropriate person for a job
- + Wrong software for a task
- + Manual tasks that could be automated
- + Equipment requiring maintenance all of the time
- + Lack of documented systems and procedures
- + Wrong or inefficient accounting system
- + Wrong skill level for the task
- + Emails rather than phone or face-to-face when required
- + No clear roles and responsibilities

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Often something needs to be done but you are going about it the wrong way.



# 5.

## lazy stock unnecessary inventory

From a manufacturing or retail sense, inventory sitting on the shelves not earning any money may be unnecessary inventory. It may not be physical stock though and more like work in progress [WIP] that you have already paid for but is sitting idle, not generating a return.

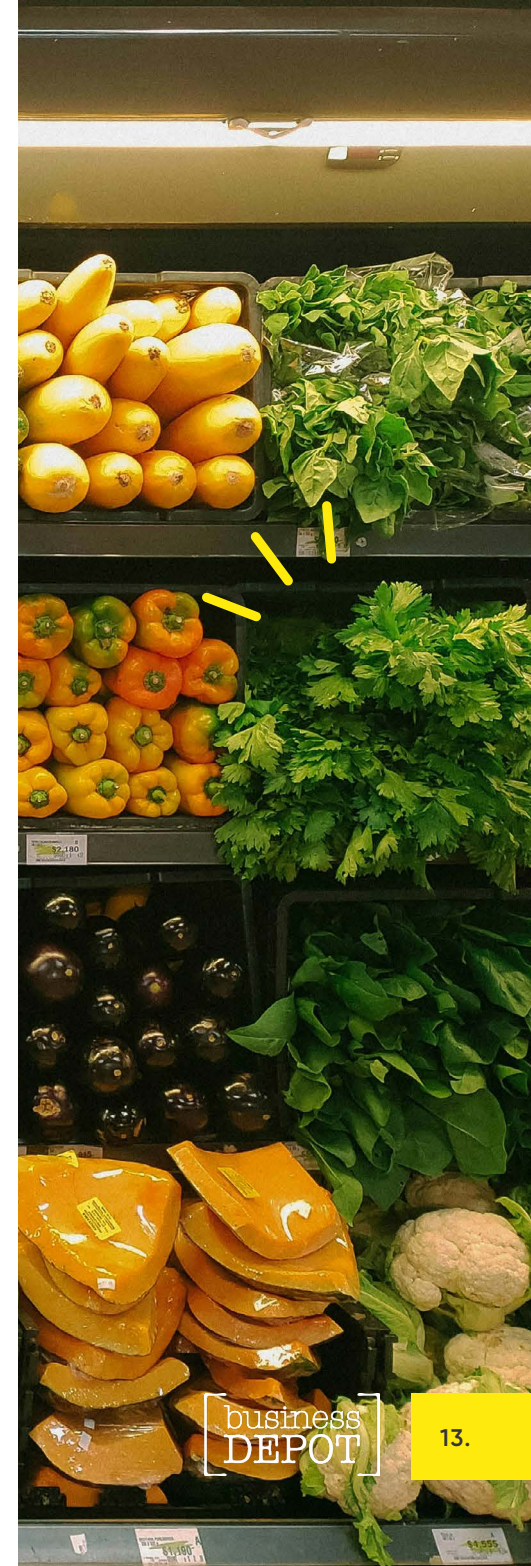


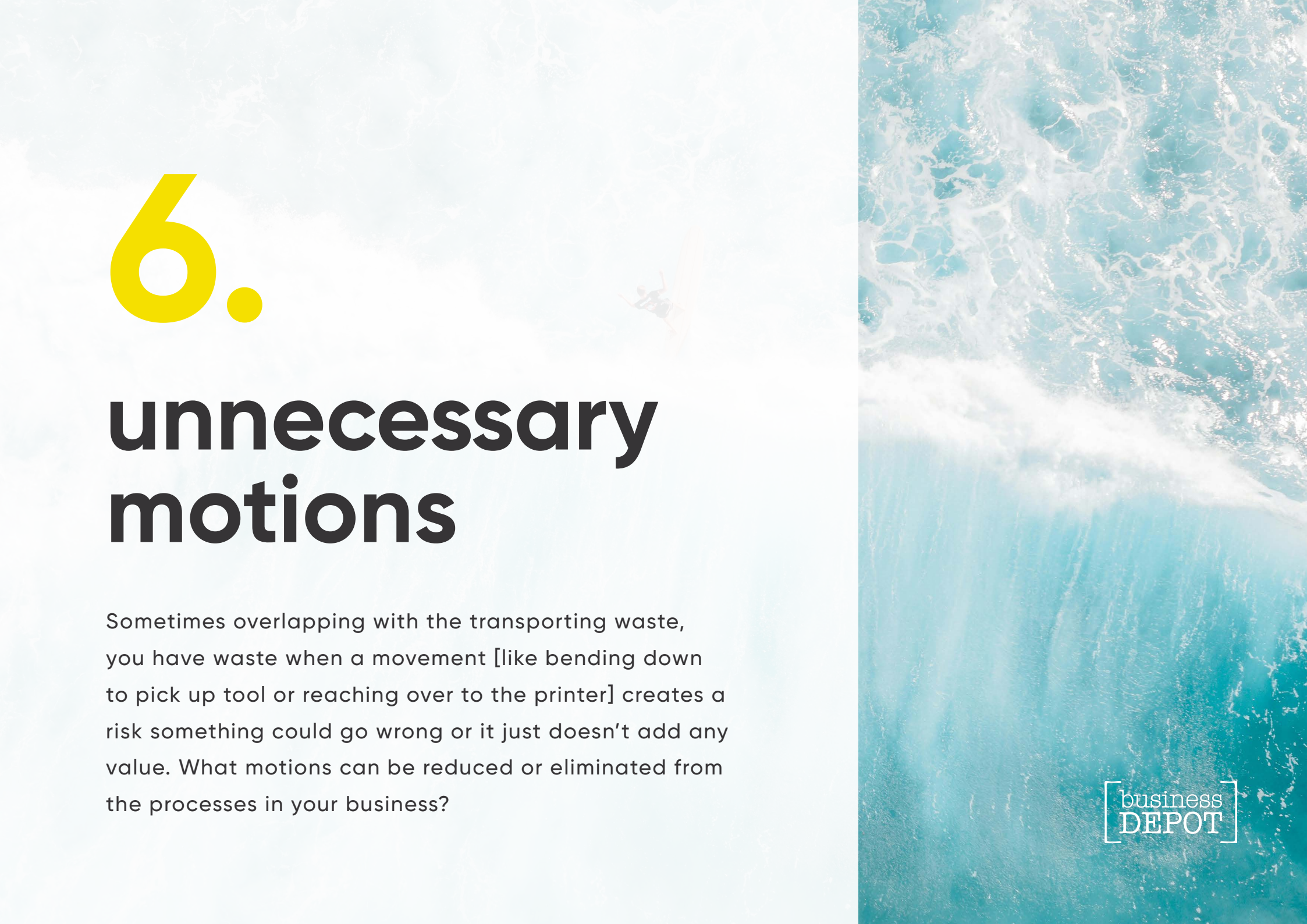
# 5. unnecessary inventory examples

- + Too much stock generally in the store
- + Too many services on your menu
- + Too many product lines
- + Too much stationery on hand
- + Work in progress [WIP] waiting to be converted to invoices
- + Too wide a product range
- + Office equipment you just don't need
- + Unnecessary information retained
- + Obsolete stock
- + Out-of-date supplies
- + Opportunity costs – what else could you do with that cash

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Much of the cost of lazy stock is hidden in your working capital – remove waste and you will reduce your working capital requirements.



The background of the slide is a photograph of a person surfing on a large, turquoise wave. The surfer is positioned in the upper right quadrant of the image, riding the crest of the wave. The water is a vibrant blue-green color, and the wave is breaking, creating white foam. The overall scene is dynamic and energetic.

# 6.

## unnecessary motions

Sometimes overlapping with the transporting waste, you have waste when a movement [like bending down to pick up tool or reaching over to the printer] creates a risk something could go wrong or it just doesn't add any value. What motions can be reduced or eliminated from the processes in your business?

# 6. unnecessary motion examples

- + Factory layout and automation
- + Manually moving something from A to B in a factory environment
- + Desk and Office layout
- + Paper based systems
- + Accessing information remotely
- + Stop/start mentality
- + Location of printers / in-trays
- + Inconsistently storing supplies, consumables or equipment
- + Warehouse design

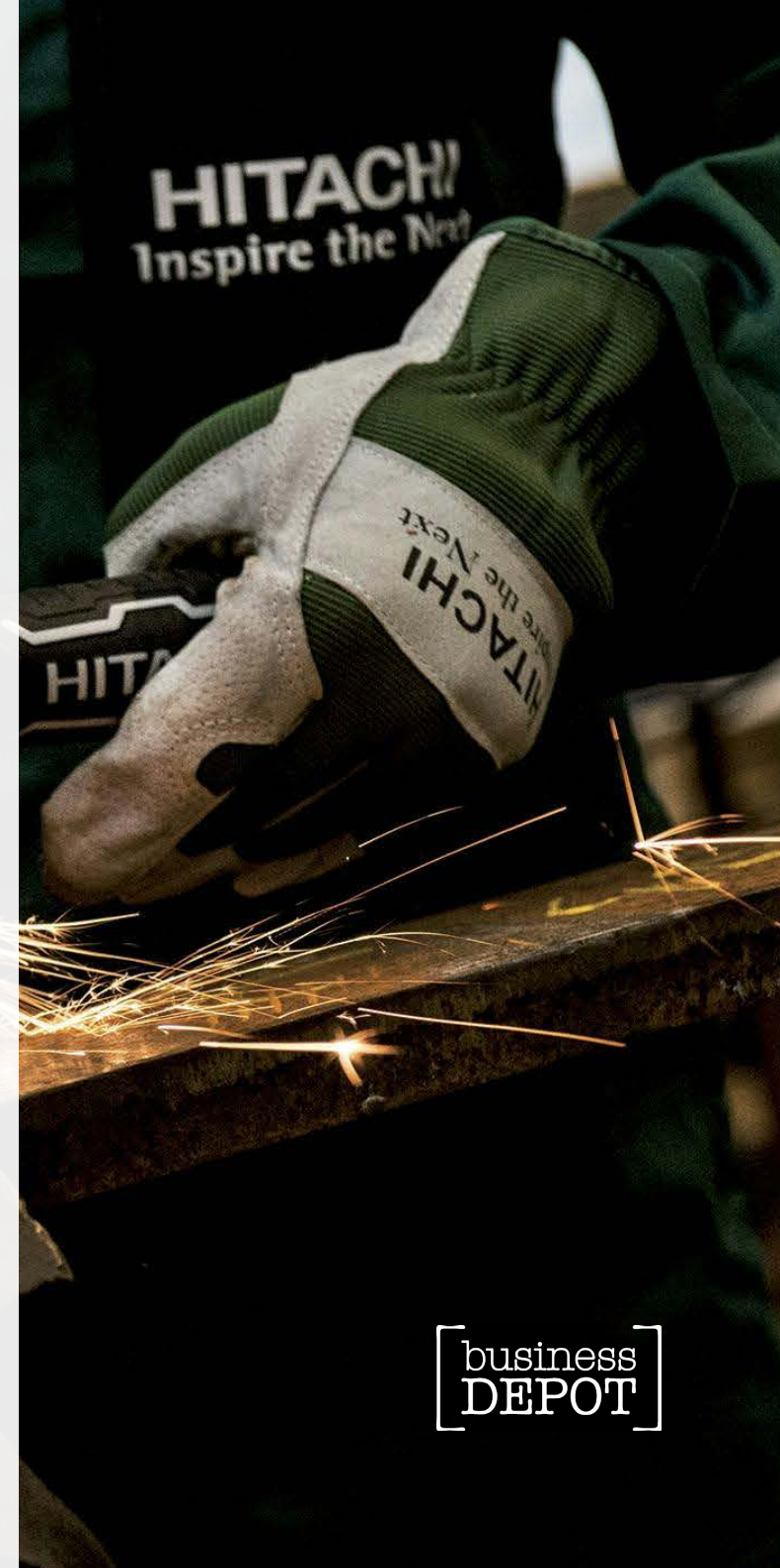
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By eliminating the steps in a process you not only make it more efficient, you reduce the risk of something going wrong.

# 7.

## stuff ups defects

If Toyota delivers a faulty car, the cost is a lot more than just the lost manufacturing cost. Defects anywhere in the process of delivering a product or service to a customer is the ultimate waste. What if it cannot be fixed? How do you recover from the customer dissatisfaction?



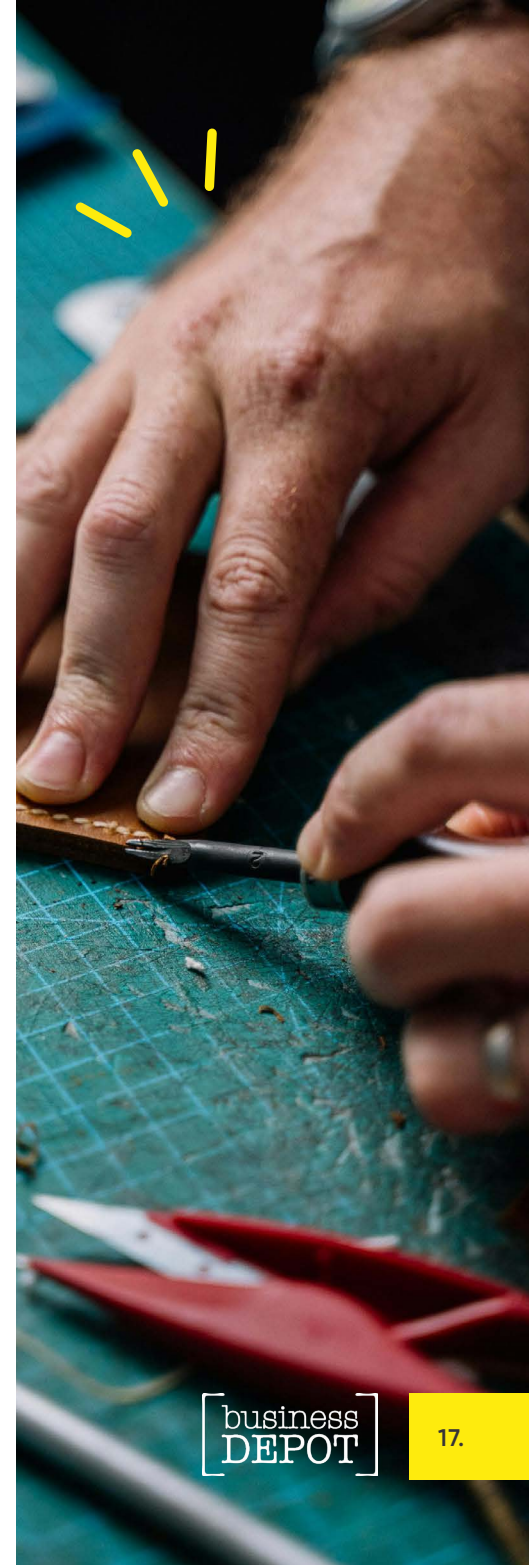
# 7. defects examples

- + Warranty claims
- + Onsite repairs
- + Lost customer due to diminished experienced
- + Scrap paper
- + Miscommunicated information [including phone messages]
- + Missing deadlines
- + Human errors
- + Equipment faults
- + Computer input errors eg bookkeeping
- + Machine failure
- + Poor workmanship
- + Computer failures
- + Incorrect data in contact database [e.g. bouncing emails]
- + Missing appointments
- + Wrong person for the job
- + Errors in contracts

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Stuff-ups happen – it's how we make sure it doesn't happen again that matters.

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**create a culture where  
waste is not tolerated**

# there's always opportunities to reduce waste and improve efficiency

If you can create a culture that does not tolerate waste, this becomes a continuous improvement strategy.

Talk to your team about waste and create the opportunity for them to share where they think the waste is hiding. You will be amazed by the impact a waste audit can have on performance, profitability, value and even staff motivation.

Often tackling the things that are holding us back can have the biggest impact [waste may be one of them]. Try things like process mapping, documenting systems and processes, and reviewing all roles and responsibilities.

Some of the content included in this ebook was originally contributed by the team at Mindshop.

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# do you need some help with a waste audit in your business?

just get in touch with our team



1300BDEPOT



oneplace@businessdepot.com.au



Level 1, 27 James St, Fortitude Valley,  
Qld 4006



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