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# Principle 1: Identify Value



# Forms of activities

There are 3 forms of activities in Lean

- Value adding activities
- Non-value adding but essential activities
- Waste

Every process is made up of one or more forms of activities

For instance, if a process has six steps, 2 may be value adding, 2 non-value adding but essential and 2, wastes.

On the other hand all 6 steps may be value adding. This is the goal.

Let's talk more about these types of activities

# Value

Value refers to anything that is important or beneficial from the perspective of the customer.

The customer determines what is of value to them and we work to deliver that value.

To determine if something is of value, ask;

- Is the customer willing to pay for it?
- Is it important or beneficial to the customer?
- Was the process done correctly the first time?



# Identifying Value

If the answer is yes to all 3 questions then it is value adding, if the answer to any question is no then it is not value-adding or waste.

For instance, if the customer is willing to pay, and it is important to the customer but we don't do it correctly, this means that we have not delivered what the customer values. We have created a form of waste.

Some teams are not producing direct value for the company's customers but are enhancing the overall value that the organization delivers.

In this case, the company and/or staff who deliver direct value are your customers

# Waste

Waste is anything that is not of value to the customer.

If a process has more value then it has less waste and vice versa.

Think of it like this. There are 10 steps to complete a process. If 9 of them are value adding, and one is waste, then our goal is to eliminate that wasteful step so that we don't waste our time, energy and resources working on that step that is not adding any value.



# Essential Non-value Adding Activities



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These are activities that do not directly create value for customers but are required or regulatory.

For instance, a patient that comes into the clinic with abdominal pain wants to know what's wrong and get relief from pain.

Diagnosing the patient and prescribing medication may not depend on appropriate documentation in the patient's medical record.

It is not particularly value adding from the patient's perspective but it is required for effective communication and accountability within the healthcare system.

# Essential Non-value Adding Activities



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For non-value adding but essential activities, we don't eliminate them.

Rather we work on improving and optimizing the process to ensure that it is done effectively so we can focus more time and resources on the value adding activities..

**Our goal is to deliver ever-increasing value.**

# KINDS OF ACTIVITIES:

VALUE ADDED



EMPHASIZE!

NON-VALUE ADDED



NECESSARY WASTE



PURE WASTE



MINIMIZE!

ELIMINATE!