

Identifying waste in business

No matter the business, if you can trace it, you can eliminate it and increase your efficiency, productivity and profit levels. But it starts with continuous assessment and improvement of processes, **Ronald Kasasa** writes.

Many Small Medium Enterprises (SMEs) continuously struggle to identify and reduce waste in order to improve the efficiencies and profitability of their businesses. It is difficult to determine a starting point; how to identify the waste and how to reduce or eliminate it. No matter the business, if you can trace it, you can eliminate it and increase your efficiency, productivity and profit levels. But, it starts with continuous assessment and improvement of processes. It is important to note that while these will vary depending on the nature of business, they are all important to consider when tracing channels of waste.

Transport

Transport can be the internal or external movement of goods, equipment, information and people within the business process. Every transport event is an opportunity for damage,



Employees package tomato sauce in a factory in Kampala. By overproducing, you tie up valuable resources such as cash or people.

PHOTO BY DOMINIC BUKENYA

loss and decline in quality or a delayed decision. All of which cost money – a cost customers do not want to pay for.

Waiting time

Waiting time is the unnecessary time spent waiting for a customer payment; delivery from a supplier; loan from bank and repair of equip-

ment among others. Whatever the case may be, these occurrences can cause inefficiencies, which can also cause client dissatisfaction.

Overproduction

Overproduction is particularly important for those in manufacturing sector. This arises when you produce products or goods in quanti-

ties higher than what is required. By overproducing, you tie up valuable resources such as cash or people. The danger in this is that you run the risk of not receiving the appropriate payment for this work.

Errors/defects

Errors/ Defects are very costly. These can arise from poor planning,

workmanship or missed deadlines. If you botch up a customer's job, for example, printing posters, you cannot ask them to pay for a reprint that you messed up. This means you need to dig into your pocket and spend more money and time – money for the staff that do the job and materials. It also means you have to hold up another job in the queue so that you can make good on your earlier error.

Unnecessary inventory

Unnecessary inventory is something that we purchase, produce or develop that is not sold. For product-based businesses, this is a major waste channel. It is a direct result of overproduction and waiting. It could be raw materials, work-in-progress, finished goods or debtors, and is inventory that is not being turned into cash either now, or in the future.

This does not only apply to products. It can apply to office supplies used in office administration. Extra inventory takes up space that could be better utilised in ways that add value. Managing that inventory takes more money and resources.

So next time you notice the numbers are not adding up in your business, check the waste. You could be bleeding the company!

Ronald Kasasa is the head of business banking at dfcu Bank.

dfcuBANK
...with pleasure