



Reduce Waste and Boost the Economy

Most organizations can significantly improve their financial performance by reducing the often substantial waste of time and resources in all their processes. This applies to both private companies and public organizations. Particularly, there are considerable inefficiencies in support and management processes. *Lars Sörgvist*, President of Sandholm Associates, explains why this is crucial and what is required to minimize waste.

A STRONG AND STABLE ECONOMY creates room for action and resilience within an organization. Conversely, weak financial performance and uncertain economic conditions often lead to destructive cost-cutting and downsizing. In many cases, this is unnecessary, as organizations can instead focus on reducing the significant "hidden" waste within their

operations. Systematic improvements play a central role in this.

Enormous Potential

The financial potential of reducing waste is enormous, according to Lars Sörgvist. For over three decades, he has worked extensively on identifying and reducing costs of poor quality — that is, the high costs

related to inefficient and ineffective processes.

— In reality, only a small portion of the resources used in today's organizations create direct value for customers, Lars explains. The proportion of non-value-adding activities is remarkably high in all processes.

— Most waste is also chronic, meaning it is perceived as part of

normal operations, which is why neither management nor employees react. To make this waste visible, deeper analysis and knowledge in quality and improvement work are required.

Lars has addressed these issues in numerous companies, including Ericsson, Scania, ABB, and Volvo, as well as in many governmental, regional, and municipal organizations. He has also authored a doctoral dissertation on the cost of poor quality and the extent of its impact.

Doing the Right Things the Right Way Requires Expertise

According to Lars, the core issue is ensuring that organizations do *the right things the right way* in all processes. By achieving this, an organization can create higher customer value at a lower cost. This is also crucial for sustainability, as it leads to reduced resource consumption.

Achieving this goal requires systematic improvement work. Improvement concepts such as Six Sigma and Lean have long provided the knowledge to succeed in this work.

– Successful improvement work demands solid expertise in effective strategies, methods, and tools—including knowledge on how to drive improvements and make them a valuable investment. Without this expertise, efforts often fail, leading to decreasing interest from both managers and employees, Lars explains.

Organizations must challenge conventional ways of thinking and working to uncover the costs of poor quality. A good starting point is to analyze processes from the customer's perspective and work backward into the organization. The classic types of waste addressed in Lean methodology are often helpful. Several key tools, such as value stream mapping, capability studies, gap analysis, and risk assessment, can also elevate this analysis to new levels.

Emerging Forms of Waste

Lars Sörqvist notes that new forms of waste continue to emerge over time. As traditional shortcomings are reduced, new ones take their place.

– In today's organizations, operational processes are often quite efficient and well-developed, especially in production. However, effectiveness and waste reduction in support and management processes are often significantly weaker. Here, there are many 'low-hanging fruits' to be harvested, Lars says.

Over his extensive experience helping management teams and quality professionals improve their organizations, Lars has identified a pattern of emerging waste sources that negatively impact today's organizations. These include:

1. Static organizations
2. Information overload
3. Disruptive administration
4. Digitalization deficiencies
5. Ineffective meeting management

– These and other critical waste present incredible opportunities to radically transform an organization's financial situation and achieve entirely new levels of value creation, Lars asserts. This applies equally to private companies and public organizations.

He further elaborates on the sources of waste in support and management processes:

WASTE 1: Static Organizations



In today's rapidly changing world, organizations must be agile—dynamic, flexible, and adaptable.

– Unfortunately, many organizations are developing in the wrong direction, with cumbersome regulations and bureaucratic systems, including overly documented management systems. Structure is important, but these systems must be dynamic and capable of continuous improvement, not to hinder organizational development, Lars explains.

He also emphasizes that this ultimately comes down to leadership and organizational culture. A hands-on leadership approach is needed to support employees in continuously improving processes and eliminating waste while guiding them toward ambitious goals.

WASTE 2: Information Overload



The volume of information handled in organizations is increasing exponentially, posing the risk of consuming an ever-larger portion of employees' time. Tasks such as email management, reporting, and data compilation take up significant time, often with unclear ownership.

– To reduce this waste, organizations must take control of their critical information flows, Lars advises. Ownership and responsibility for these flows must be clearly defined. Information flows should be measured, analyzed, and systematically improved, just like other processes. It is also important to determine what should not be measured.

WASTE 3: Disruptive Administration



Over time, administration has shifted from being a close, supportive function to a centralized, controlling, and often disruptive one, according to Lars. Consequently, employees, specialists, and managers are now performing many tasks previously handled by local administrators. At the same time, they are also burdened with additional tasks created by centralized administration. This highly inefficient system significantly reduces the time operational staff can dedicate to creating value for customers.

– To reduce this waste, organizations must make administrative flows visible, analyze them, and optimize them, Lars explains. Operational staff need to be relieved so they can focus on the core business. A partial return to locally supportive administrators and a significant reduction of large central staff functions are necessary.

WASTE 4: Digitalization Deficiencies



The world is undergoing an accelerating digital transformation that will change and partially replace many job functions. Keeping up with digitalization is crucial.

– Equally important is using technology in a way that truly creates value and efficiency, based on customer needs. This requires solid quality and improvement expertise, which should be an integral part of IT development projects. Otherwise, Lars warns that there is a risk that technology will become an end in itself.

He also points out that the costs of poor digitalization are already enormous and could escalate dramatically as artificial intelligence takes over more decision-making processes. Ensuring high data quality is also crucial for digitalization success. This is an area that Sandholm Associates and the International Academy for Quality (IAQ, which Lars leads) are actively working to develop.

WASTE 5: Ineffective Meeting Management



Poor meeting management wastes a great deal of time and money. Large groups of employees spend many hours each week in meetings. In some professions, more than half of working hours are consumed by meetings. Despite this, a clearly defined meeting management process that are systematically measured, analyzed, and improved rarely exists.

– After evaluating meeting management in several organizations, I see a clear pattern of inefficiencies, Lars explains. There is ambiguity regarding which meetings are held, the value they should deliver, why participants are involved, and how meetings are planned, prepared, conducted, and followed up. This results in the loss of many full-time work equivalents.

Lars Sörqvist believes that radical improvements are possible if organizations manage their meeting processes as professionally as they manage their production processes.

