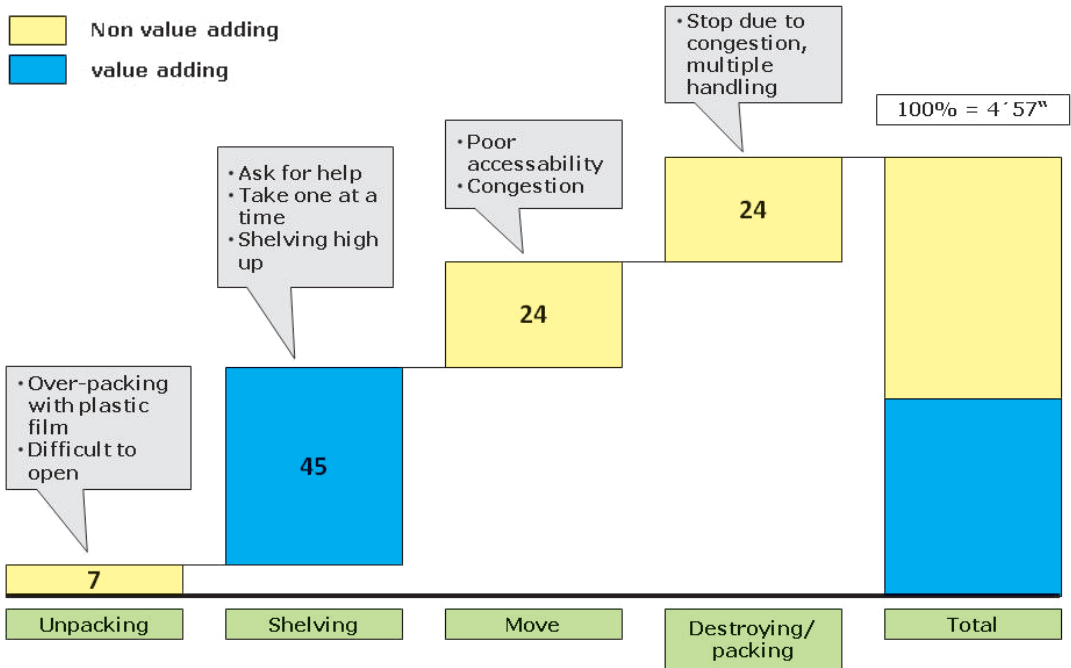
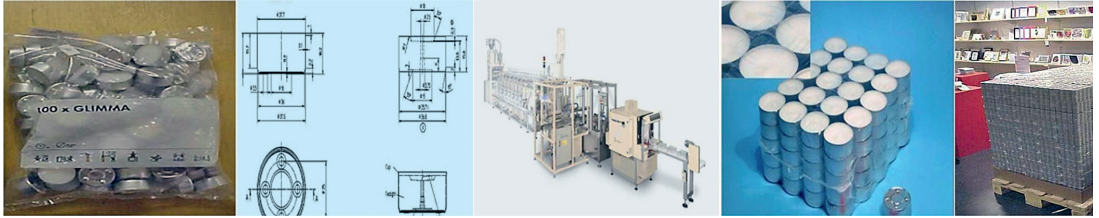


Figure 74: Value-added analysis of the refilling process

"SIZE OF THE PRIZE": INAPPROPRIATE PACKAGING AND SHELVING STANDARDS*Example of value-added analysis on the classic "Glimma" tea light*

In practice, we can see this with the help of the IKEA classic "Glimma" tea light. Until 2005 Glimma was delivered in bags in loose form. Then an employee came up with the idea "Why not stack and weld as a block?!" This resulted in a higher pressure on the aluminum sleeves so that they had to be slightly modified. As a result, investments were made in new packaging machines. Instead of packing bags loosely into a large carton, the packages were now delivered stacked on top of each other. This enabled the outer packaging to be removed without the goods falling out. The customer now looks directly at the items and no longer at the packaging. Additionally, the repacking could be omitted, which significantly improved ergonomics for the employees.

Figure 75: Re-engineering from the single product to the sales solution in the store



Based on these packaging adjustments, the refilling time was reduced by 40 percent.

In addition, 108 more packages fit onto one pallet, which is equivalent to 400 fewer truck trips per year in Germany. As a result, the sales price was reduced by ten percent, which is of direct benefit to the end customer.

This potential could only be tapped because the whole process was considered and all process partners acted according to the total benefit. From the overarching aspects, which are determined by the company philosophy and corporate structure, to examples of how lean orientation is reflected in the branch processes.

9.4.3 Practical implementation of lean orientation using store processes as an example

Planning the furniture stores

All IKEA furniture stores go through a standardized planning process which, in addition to classic components such as the required exhibition space and parking spaces, also includes long-term customer and goods flow components from the outset.

In order to achieve synergies in the planning processes, they work with store classifications according to sales volume. These basic dimensions are based on a product range, area, and sales volume matrix.

The definition of the size of the product range in a furniture store is already a balance between market conditions and efficiency. IKEA's total product range includes approximately 10,000 articles. There are different assortment classifications that are applied to individual groups of furniture stores. This creates synergies in the presentation of the product range but has an effect back to production planning in the factories.