The Hidden Factory

The hidden factory refers to non-value adding activities that eat up time and resources in an organization's processes and operations but are not visible to management. Eliminating the hidden factory lean principles improve quality, lower costs, and reduce process cycle times.

Common examples of hidden factory activities include:

- Rework due to defects
- Unnecessary inspections and checks
- Excess or incorrect processing steps
- Delays between process steps
- Motion waste from poor facility layout
- Overproduction between supply chain stages
- Expediting due to variation from standards
- Constant scrambling due to poor planning

Identifying and measuring hidden factory activities is a challenge because they blend into normal operations. A variety of analysis techniques can uncover hidden waste:

- Value stream mapping - Highlights non-value steps
- Process walkthroughs - Follow an item through all steps
- Defect analysis - Quantify rework and scrap
- Flow charting - Analyze connections and handoffs
- Time studies - Gauge wait times, walks, etc.
- Surveys - Collect input from employees
- Data mining - Analytics models pinpoint inefficiencies

Eliminating the hidden factory requires raising its visibility through quantitative measurement. Once exposed, lean principles like 5S, standard work, kanban, Six Sigma, and kaizen can mitigate sources of waste and improvement opportunities. Shedding light on hidden factory activities is the critical first step toward building a truly lean operation.