DEVELOPING A LEAN SUPPLY CHAIN

INTRODUCTION

What is lean? It is a business philosophy focusing on eliminating waste in the value stream. Lean has been successfully applied to manufacturing for years. **The same principles may be applied to supply chain management, yielding efficient and productive supply chains.**

LEAN BASICS

1. Specify value from the standpoint of the end customer by product family.

2. Identify all the steps in the value stream for each product family, eliminating steps that do not create value.

3. Make the value-creating steps occur in tight sequence so the product will flow smoothly toward the customer.

4. As flow is introduced, let customers pull value from the next upstream activity.

5. After all steps are complete, begin the process again and continue until a state of perfection is reached in which perfect value is created with no waste.

Lean seeks to eliminate waste. Waste includes:

Time spent waiting on items required to complete task (e.g., information, material, supplies) or reworking materials

Any **unnecessary motion** that does not add value to product or service

Effort and time spent **processing** information or material that is not adding value

Inventory that is waiting for processing

Transporting information or material by mail, cart, conveyor, or foot

Producing more than the customer requires

What types of waste are in your supply chain?

GETTING STARTED

Find a leader who will take personal responsibility for the lean transformation.

Get lean knowledge via a sensei or consultant who can teach lean techniques and how to implement as part of a system, not as isolated programs.

Find a lever by seizing a crisis or by creating one to begin the transformation.

Forget grand strategy for the moment.

Map the value streams, beginning with the current state of how material and information flow. Draw a leaner future state of how they should flow and create an implementation plan with timetable.

Begin as soon as possible with an important and visible activity.

Demand immediate results.

Waste may hide your real problems; however, not ALL inventory is bad. Some levels of inventory are needed, especially in a supply chain content, but the right level needs to be controlled.

Example: by identifying defective items from a vendor early in the production process the downstream work is saved.

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