KAIZEN IN SUPPLY CHAINS

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Lean Supply Chains

For too long, a large % of formal Operational Excellence initiatives have focused on manufacturing/ factories. Yet, the pull-flow paradigm was developed by the Toyota Motor Corporation and applied to all its supply chains decades back!

Based on our experience of implementing KAIZEN™ practices since 1985, we at the Kaizen Institute have developed Total Flow Management (TFM), a model that aims to apply Lean principles across entirety of Supply Chains. The word 'Total' implies Lean paradigms being applied to the totality of Supply Chains, from suppliers to consumers - factories being but part of the ‘Total.’

The main objective is to reduce end-to-end lead-time in the supply chain. Using Little’s law, the measure of lead-time is inventory held across the entire supply chain.

Reducing lead-time requires identification & reduction of 7 classical wastes from all elements of the Supply Chain, which creates flow of material, enabled by an efficient flow of information. Rigorous systems, processes, and standards are required to create and maintain this flow. They need to cover all activities in the Supply Chain - starting from customer order-entry to design of Lean Warehouses, Lean logistics (through milk-runs & cross-docks) & Lean information systems. Distribution centers partner with Third Party Logistics (3PL) providers to use effective Transportation Management System (TMS) for optimizing freight by using most effective lanes & routes.
Implementation Results

Results come as:

1. Increased customer fill rate and customer satisfaction
2. Reduced inventories/ working capital
3. Reduced cost of space
4. Reduced insurance costs
5. Increased productivity of manpower
6. Reduced freight costs

The overall approach is to look at optimizing Total Costs, not minimizing individual costs in isolation. This prevents 'silo' thinking that frequently results in sub-optimization for the Supply Chain as a whole.
Kaizen Institute is a global pioneer and knowledge based organization which provides consulting, coaching and training services to companies represented in Europe, Asia-Pacific, Middle-East, Africa and America. Kaizen Institute Africa (KIA) is the Africa business unit offering its services to companies in the public, service, and manufacturing sectors, focusing on organizational change, lean manufacturing, and continual improvement implementation. Interestingly KIA strongly believes in practicing what it preaches. We strive hard to apply Kaizen in our own day to day business.

Kaizen is a journey and not a destination and it requires a very high degree of top management commitment.