Lean Supply Chain and Logistics Management

Paul Myerson
# CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreword</td>
<td>xv</td>
</tr>
<tr>
<td>Preface</td>
<td>xvii</td>
</tr>
<tr>
<td>CHAPTER 1</td>
<td></td>
</tr>
<tr>
<td>Introduction: Using Lean to Energize Your Supply Chain</td>
<td>1</td>
</tr>
<tr>
<td>What Is Lean?</td>
<td>1</td>
</tr>
<tr>
<td>Lean Failure</td>
<td>2</td>
</tr>
<tr>
<td>Implementing Lean</td>
<td>2</td>
</tr>
<tr>
<td>Supply Chain and Logistics Management Defined</td>
<td>3</td>
</tr>
<tr>
<td>Why All the Interest in Lean Supply Chain Management</td>
<td>6</td>
</tr>
<tr>
<td>CHAPTER 2</td>
<td></td>
</tr>
<tr>
<td>Historical Perspective: From Lean Manufacturing to Lean Enterprise ... the Need for Speed</td>
<td>11</td>
</tr>
<tr>
<td>Evolution of Lean</td>
<td>11</td>
</tr>
<tr>
<td>The Need for Speed</td>
<td>13</td>
</tr>
<tr>
<td>Lean Office</td>
<td>14</td>
</tr>
<tr>
<td>Lean Supply Chain and Logistics Management</td>
<td>14</td>
</tr>
<tr>
<td>Lean Six Sigma</td>
<td>15</td>
</tr>
<tr>
<td>Cycle Time versus Processing Time</td>
<td>16</td>
</tr>
<tr>
<td>Takt Time</td>
<td>17</td>
</tr>
<tr>
<td>Dock-to-Dock Time</td>
<td>18</td>
</tr>
<tr>
<td>CHAPTER 3</td>
<td></td>
</tr>
<tr>
<td>The Eight Wastes: Waste Not, Want Not</td>
<td>19</td>
</tr>
<tr>
<td>What Is “Waste”?</td>
<td>19</td>
</tr>
<tr>
<td>The Eight Wastes</td>
<td>20</td>
</tr>
<tr>
<td>Inventory Waste</td>
<td>20</td>
</tr>
<tr>
<td>Transportation or Movement Waste</td>
<td>21</td>
</tr>
<tr>
<td>Motion Waste</td>
<td>22</td>
</tr>
<tr>
<td>Waste Type</td>
<td>Page</td>
</tr>
<tr>
<td>------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>Waiting Waste</td>
<td>23</td>
</tr>
<tr>
<td>Overproduction Waste</td>
<td>23</td>
</tr>
<tr>
<td>Overprocessing Waste</td>
<td>24</td>
</tr>
<tr>
<td>Defect or Error Waste</td>
<td>24</td>
</tr>
<tr>
<td>Behavioral Waste (or Underutilized Employees)</td>
<td>25</td>
</tr>
<tr>
<td>Thinking Differently</td>
<td>25</td>
</tr>
</tbody>
</table>

### CHAPTER 4  
**Lean Opportunities in Supply Chain and Logistics: Forest for the Trees**  
Plan ................................................. 27  
Wastes in Forecasting .......................... 29  
Source ............................................. 31  
Make ............................................... 33  
*Make to Order (MTO) versus Make to Stock (MTS)* ........ 33  
Distribution Requirements Planning ............ 34  
Deliver ............................................ 36  
Return ............................................. 38

### CHAPTER 5  
**Basic Lean Tools: You Can’t Build a House without a Solid Foundation** ............. 41  
Standardized Work .................................. 42  
Visual Job Aids .................................... 44  
Visual Workplace ................................... 47  
Layout ............................................. 48  
5S: Workplace Organization and Standardization 48  
Sort Out .......................................... 50  
Set in Order ....................................... 52  
Shine ............................................. 52  
Standardize .................................... 53  
Sustain .......................................... 54

### CHAPTER 6  
**Advanced Lean Tools: It’s Not Rocket Science** ........................................... 57  
Batch Size Reduction and Quick Changeover ...... 57  
*Batch Size Reduction* ............................ 58  
*Quick Changeover* .................................. 58
Kanbans .................................................. 62
Quality at the Source .............................. 64
Work Cells .............................................. 65

Balancing a Work Cell ......................... 66
Total Productive Maintenance ................... 68

Overall Equipment Effectiveness ............... 68
Lean Analytical Tools .............................. 72

Tools for Gathering .............................. 72
Tools for Organizing ............................. 72
Tools for Identifying Problems .................. 72

CHAPTER 7 JIT in Supply Chain and Logistics: This
JIT Is Good ............................................ 77

Areas of Focus ....................................... 77

Network Design ...................................... 79
Integration of Resources ......................... 79

Walmart and Dell: Examples of JIT in the
Supply Chain ........................................ 80
Visibility and Reliability .......................... 83
Cross Docking ....................................... 84

CHAPTER 8 Lean Warehouse: Low-Hanging Fruit .... 87

Lean Thinking in the Warehouse ................ 87

“Assembling” Orders ............................... 88
Value Stream Mapping in the Warehouse .... 89
Lean Tools in the Warehouse .................... 90

Lean Warehouse Examples ..................... 90

CHAPTER 9 Lean Global Supply Chain and Logistics:
The Long and Winding Road .................... 95

The Logistics of a Global Supply Chain ....... 95

Value Stream Mapping to Identify Waste .... 96

Areas of Potential Waste in the Global
Supply Chain and Logistics Network ......... 97

Areas to Reduce Waste ............................ 100

Keys to Global Logistics Excellence .......... 101

Addressing Wastes in the Global Supply Chain ... 103
CHAPTER 10  Keys to Success: The Patient Gardener

Key Success Factors

- Lean Training .................................. 105
- Management Support ......................... 106
- Lean Structure ................................ 106

Teamwork and Lean ............................ 107

Making Teamwork Happen ................. 108

Sales and Operations Planning (S&OP) ........ 109

- S&OP Defined ................................ 109
- Supply and Demand Options .............. 110
- The S&OP Process ............................ 110

S&OP and Lean ................................. 111

Working Together .............................. 112

CHAPTER 11  Getting Started: Lean Forward

Lean Opportunity Assessment .......................... 115

Value Stream Mapping .............................. 116

- Value Stream Mapping Defined .......... 117
- Value Stream Mapping Benefits .......... 118
- Value Stream and Product Family .......... 118
- Takt Time .................................. 119
- Value Stream Manager ....................... 119
- Goals and Objectives ......................... 119

Steps to Creating a Current State Value

- Stream Map .................................. 120
- Data Collection ................................. 122
- Future State Value Stream Map .......... 123
- Where to Look ................................ 125
- Implementation Plan ......................... 126

Lean Teams ........................................ 128

- Team Charter ................................ 129
- The Team Makeup ............................. 129

Kaizen Events .................................... 131

- Kaizen Event Management .................. 132
CHAPTER 12  
Lean and Technology: Why Can’t We All Just Get Along? ........................................ 135
   Lean and Technology: Background ................................................................. 135
      Best-in-Class Use of Technology with Lean .............................................. 136
   Enterprise Resource Planning (ERP) Systems .............................................. 137
   Demand Forecasting ...................................................................................... 138
      Trends Driving the Use of Technology to Reduce Waste ................................ 139
   Distribution Requirement Planning (DRP) ..................................................... 140
      DRP and Demand Pull ............................................................................. 140
   Advanced Planning and Scheduling Systems .............................................. 142
      Benefits of Advanced Planning and Scheduling Systems .......................... 142
   Warehouse Management System (WMS) Software and Radio Frequency Identification (RFID) ............................................................. 143
      Warehouse Management Systems in Waste Reduction ............................ 143
   Transportation Management Systems (TMS) .............................................. 144
      Benefits of Transportation Management Systems ..................................... 144

CHAPTER 13  
Beyond the Four Walls: I Can See Clearly Now ............................................. 147
   Electronic Data Interchange (EDI) ................................................................. 148
      Web-Based EDI ...................................................................................... 148
   E-Commerce .................................................................................................. 149
      E-Commerce and Small- to Medium-Sized Enterprises ............................ 150
   QR, ECR, and CPFR .................................................................................... 150
      Efficient Consumer Response .................................................................. 151
      Quick Response ....................................................................................... 151
      ECR versus QR ....................................................................................... 152
   Collaborative Planning, Forecasting, and Replenishment ............................ 153
   Vendor-Managed Inventory ......................................................................... 154
      Value Stream Map for a VMI Program .................................................... 155
   Other Potential Areas for Collaboration ..................................................... 155
## Contents

### CHAPTER 16  
**Future Thoughts: Lean Times Ahead**  
- Lessons Learned  
- Barriers to Supply Chain Integration  
  - *Human Resources*  
  - *Structure*  
  - *Relationships*  
  - *Technology*  
  - *Alignment*  
- Trends in Lean Supply Chain  
- Data Analytics  
- Supply Chain Analytics and Lean  
- Potential Obstacles to Lean Thinking  
- Lean Ahead  

### APPENDIX A  
**Real-World Examples of Lean Supply Chain and Logistics Management**  

### APPENDIX B  
**Lean Opportunity Assessment**  
- References  
- Index
Lean supply chain management is not exclusively for those companies who manufacture products, but by businesses who want to streamline their processes by eliminating waste and non-value added activities. Companies have a number of areas in their supply chain where waste can be identified as time, costs, or inventory. To create a leaner supply chain companies must examine each area of the supply chain. Procurement. Procurement involves developing a long-term strategy for supply chain and purchasing needs, which includes supplier contracts, market research, analyzing the value, and quality of th He is currently Managing Partner at Logistics Planning Associates, LLC, a supply chain planning software and consulting business (www.psiplanner.com). Myerson serves as an adjunct professor at several universities, including Kean University and New Jersey City University. He is the author of a Windows-based Supply Chain Planning software, and co-author of a new Lean supply chain and logistics management simulation training game by ENNA. Product details. File Size: 8598 KB.Â I would most definitely recommend this book to any one interested in Lean Supply Chain Management. Read more. 7 people found this helpful. á€¢ Lean supply chain management represents a new way of thinking about supplier networks. á€¢ Lean principles require cooperative supplier relationships while balancing cooperation and competition. á€¢ Cooperation involves a spectrum of collaborative relationships & coordination mechanisms. á€¢ Supplier partnerships & strategic alliances represent a key feature of lean supply chain management. ESD.61J / 16.852J: Integrating the Lean Enterprise. Page 2.