CONTENTS

Foreword .............................................. xv
Preface ............................................... xvii

CHAPTER 1  Introduction: Using Lean to Energize Your Supply Chain ......................... 1
  What Is Lean? ...................................... 1
  Lean Failure ...................................... 2
  Implementing Lean .............................. 2
  Supply Chain and Logistics Management Defined . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 3
  Why All the Interest in Lean Supply Chain Management? .......................... 6

CHAPTER 2  Historical Perspective: From Lean Manufacturing to Lean Enterprise ... the Need for Speed .................. 11
  Evolution of Lean .................................. 11
  The Need for Speed ............................. 13
  Lean Office ....................................... 14
  Lean Supply Chain and Logistics Management ....... 14
    Lean Six Sigma .................................. 15
  Cycle Time versus Processing Time ............. 16
    Takt Time .................................... 17
    Dock-to-Dock Time .............................. 18

CHAPTER 3  The Eight Wastes: Waste Not, Want Not ........ 19
  What Is “Waste”? ............................... 19
  The Eight Wastes ............................... 20
    Inventory Waste ............................... 20
    Transportation or Movement Waste ....... 21
    Motion Waste ................................. 22
Waiting Waste .......................................... 23
Overproduction Waste ................................. 23
Overprocessing Waste ................................. 24
Defect or Error Waste ................................. 24
Behavioral Waste (or Underutilized Employees) ... 25
Thinking Differently ................................. 25

CHAPTER 4  Lean Opportunities in Supply Chain and Logistics: Forest for the Trees ................................. 27
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
<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chapter 7</td>
<td>JIT in Supply Chain and Logistics: This JIT Is Good</td>
<td>77</td>
</tr>
<tr>
<td></td>
<td>Areas of Focus</td>
<td>77</td>
</tr>
<tr>
<td></td>
<td>Network Design</td>
<td>79</td>
</tr>
<tr>
<td></td>
<td>Integration of Resources</td>
<td>79</td>
</tr>
<tr>
<td></td>
<td>Walmart and Dell: Examples of JIT in the Supply Chain</td>
<td>80</td>
</tr>
<tr>
<td></td>
<td>Visibility and Reliability</td>
<td>83</td>
</tr>
<tr>
<td></td>
<td>Cross Docking</td>
<td>84</td>
</tr>
<tr>
<td>Chapter 8</td>
<td>Lean Warehouse: Low-Hanging Fruit</td>
<td>87</td>
</tr>
<tr>
<td></td>
<td>Lean Thinking in the Warehouse</td>
<td>87</td>
</tr>
<tr>
<td></td>
<td>“Assembling” Orders</td>
<td>88</td>
</tr>
<tr>
<td></td>
<td>Value Stream Mapping in the Warehouse</td>
<td>89</td>
</tr>
<tr>
<td></td>
<td>Lean Tools in the Warehouse</td>
<td>90</td>
</tr>
<tr>
<td></td>
<td>Lean Warehouse Examples</td>
<td>90</td>
</tr>
<tr>
<td>Chapter 9</td>
<td>Lean Global Supply Chain and Logistics: The Long and Winding Road</td>
<td>95</td>
</tr>
<tr>
<td></td>
<td>The Logistics of a Global Supply Chain</td>
<td>95</td>
</tr>
<tr>
<td></td>
<td>Value Stream Mapping to Identify Waste</td>
<td>96</td>
</tr>
<tr>
<td></td>
<td>Areas of Potential Waste in the Global Supply Chain and Logistics</td>
<td>97</td>
</tr>
<tr>
<td></td>
<td>Addressing Wastes in the Global Supply Chain</td>
<td>103</td>
</tr>
</tbody>
</table>

*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 10: Keys to Success: The Patient Gardener

- Key Success Factors ........................................ 105
  - Lean Training ........................................... 105
  - Management Support ................................. 106
  - Lean Structure ........................................ 106
- Teamwork and Lean ........................................ 107
- 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?

- 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

- Distribution Requirement Planning (DRP) ............................. 140
- DRP and Demand Pull ...................................................... 140
- Advanced Planning and Scheduling Systems ........................ 142

#### Benefits of Advanced Planning and Scheduling Systems

- 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

### CHAPTER 13  Beyond the Four Walls: I Can See Clearly Now

- Electronic Data Interchange (EDI) ...................................... 148
- Web-Based EDI .................................................................. 148
- E-Commerce ....................................................................... 149

#### E-Commerce and Small- to Medium-Sized Enterprises

- Efficient Consumer Response .............................................. 150
- Quick Response .................................................................... 151
- ECR versus QR ................................................................. 152

#### Collaborative Planning, Forecasting, and Replenishment

- Vendor-Managed Inventory .................................................... 154

#### Vendor-Managed Inventory

- Value Stream Map for a VMI Program ................................. 155
- Other Potential Areas for Collaboration ................................. 155
Future Opportunities and Roadblocks .............. 155
Supply Chain Flexibility Traits .................. 156

CHAPTER 14  Metrics and Measurement: How Are We Doing? .............. 157
Policies and Procedures ......................... 157
Rationale for Considering Metrics .............. 158
Relevant Lean Supply Chain and Logistics Metrics .. 158
Delivery Reliability .............................. 159
Perfect Order Measure .......................... 159
Responsiveness .................................. 160
Flexibility ........................................ 160
Cost ................................................ 160
Asset Management ............................... 160
Balanced Scorecard ............................... 160
Finding the Right Metrics for Your Company .... 161
Metrics Framework ............................... 162
Financial Impact of Metrics ..................... 162
Review Scorecard during Sc-OP .................. 162
Dashboards to Display and Control Metrics ...... 163
Indicators ........................................ 163
Application Areas of a Scorecard ............... 163

CHAPTER 15  Education and Training: All Aboard the Lean-Train .......... 165
Training Methods ................................ 165
Traditional Methods ............................. 165
Group-Building Methods ......................... 167
Selecting the Training Delivery Method ........ 168
Training: Key Management Team (Seminars,
Certifications, etc.) .................................. 168
Training: General Workforce .................... 169
Training: Tools and Tips ......................... 170
Games ............................................. 171
Handouts and Forms ............................. 171
Language Barriers ............................... 172
Measuring Success ............................... 172
CHAPTER 16  Future Thoughts: Lean Times Ahead ............ 175
Lessons Learned ............................................. 175
Barriers to Supply Chain Integration ................... 176
  Human Resources ......................................... 176
  Structure ....................................................... 177
  Relationships ............................................... 179
  Technology .................................................... 179
  Alignment ..................................................... 181
Trends in Lean Supply Chain ................................. 182
Data Analytics .................................................. 182
Supply Chain Analytics and Lean ......................... 183
Potential Obstacles to Lean Thinking in the Supply Chain
  Lean Ahead ................................................... 184

APPENDIX A  Real-World Examples of Lean Supply
Chain and Logistics Management ......................... 187

APPENDIX B  Lean Opportunity Assessment ............... 237
References ..................................................... 249
Index .......................................................... 255
Logistics and supply chain management are not new ideas. From the building of the pyramids to the relief of hunger in Africa, the principles underpinning the effective flow of materials and information to meet the requirements of customers have altered little. Throughout the history of mankind wars have been won and lost through logistics strengths and capabilities or the lack of them. Supply Chain Management Project Management Business Funding Business Marketing Supply Chain Logistics Industrial Engineering Lean Manufacturing Business Planning Business Management. Dragon has a dedicated team offering effective supply chain procurement policies for manufacturing and commercial setups. Supply chain is focused on stabilizing. Dragon Sourcing. Agile, strategic supply chain management is a key competitive necessity in today’s no-room-for-error business arena. And few organizations have acquired more knowledge and demonstrated better results than the team at global management consultancy Pittiglio, Rabin, Todd, and McGrath (PRTM).