EPICENTRAL

A Newsletter from Epicenter Development Group
highlighting ideas that improve organizations

Welcome to Epicenter Development Group's newsletter, EPICentral. The purpose of this newsletter is to highlight fundamental ideas that have helped organizations develop and maintain great manufacturing and service operations. We hope that you find our EPICentral newsletter helpful, and we would welcome your comments on its content.
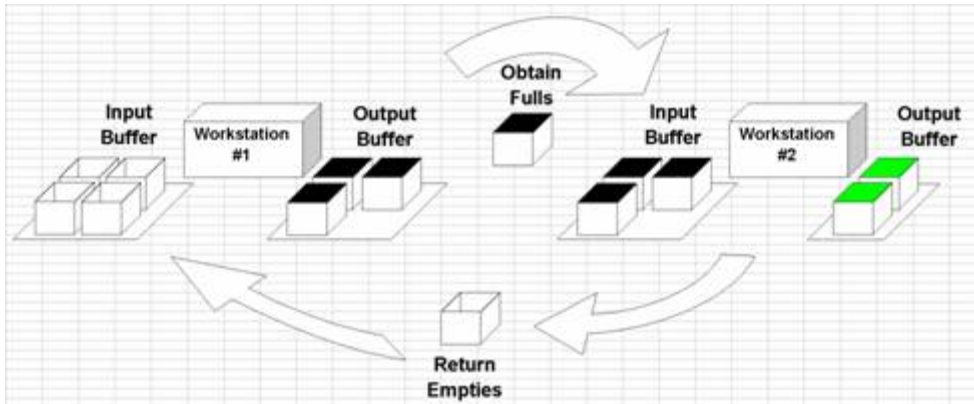
Kanban - An Effective Way to Manage Workflow

Over the past twenty years, I have seen organizations embrace technology as a means to track material and workflow through their operations. Certainly you could argue that behemoths like Wal-Mart, Amazon.com and DaimlerChrysler couldn't function without using a sophisticated MRP system to order, receive, handle, and ship massive quantities of material. But what about smaller companies that just need a simple process to manage their workflow? **Whether you handle insurance claims, process orders or build products, it is worth considering Kanban - a simple but powerful method for managing workflow.**

Kanban (a Japanese Lean term that means Kan - "visual" / ban - "card") is a material delivery system (a signaling system) for linking processes together. A well-planned Kanban system can be a simple, effective and inexpensive way to control workflow and inventory within an organization. Some benefits of a Kanban system can include inventory reduction, elimination of stock-outs, team building between areas, quality improvements, and lead-time reductions. Kanbans can come in a variety of forms to handle several types of "products," but here is a simple example of how it might be used:

Pretend that you go to the store and buy a pack of gum from the display at the checkout line. Once the display is empty, it is given to the stock handler who fills the display from a box in the warehouse and replaces it on the shelf. When the box is empty, it is then sent back to the gum supplier. The gum supplier is told to only manufacture gum to fill the empty boxes sent from the store. Through this simple process, the gum manufacturer is linked to the customer and only makes what is being consumed. The rate of replenishment is controlled by the number of boxes or displays in the system and the amount of gum in each display and box (fewer boxes = higher flow of inventory).

The diagram below shows one type of Kanban where a Kanban container and input/output buffer areas are used to control the flow of materials between two workstations. In this example, Workstation #1 stops making product for Workstation #2 when its output buffer is full or it has no empty containers to hold the product.

Kanban systems can only be effective if they are properly designed and maintained. Four rules to consider when developing a Kanban system include:

1.   It is critical that defective products are not sent to the subsequent process.

2.   The subsequent process comes to withdraw only exactly what is needed.

3.   Produce only the exact quantity withdrawn by the subsequent operation.

4.   Start with an excess of Kanban containers and slowly reduce the quantity to expose problems and tighten the link between operations

Next Steps

If you would like more information on this topic or other similar types of tools, please contact Bill Proctor with your request at wproctor@epicentergroup.com or 216-702-0952. You can also find previous issues of EPICentral at Newsletters.

Mr. Proctor also speaks on a variety of problem-solving and system design topics that can help companies significantly increase the success and profitability of their businesses. If you are interested in having Bill speak at one of your upcoming meetings/events or would like more information on any of the speaking topics, please visit Speaker Services or you can email sales@epicentergroup.com.

Epicenter Development Group is a unique consulting firm that seamlessly integrates the disciplines of Systems Engineering and Organizational Analysis & Development to create practical design solutions to your toughest challenges. It is on the cutting edge of problem-solving solutions and the creator of a unique process called GreenRoom Engineering. This process

adds greater value and cost savings for clients as compared to traditional engineering methods.

William Proctor, Epicenter's founder and president, has provided services around the country to more than 100 companies consisting of a variety of organizations; and Epicenter continues to grow as a resource for firms of all sizes.

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