



Dr D Y PATIL SCHOOL OF MANAGEMENT

Dr D Y PATIL SCHOOL OF MCA

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41. "LEAN SUPPLY CHAIN FOR SMALL SCALE MANUFACTURING UNITS"

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Abstract

Small scale manufacturing units has always faced difficult economic times, lean thinking can help these units to reduce costs, and improve quality by eliminating waste in manufacturing and supply links. The aim of the paper is to help eliminate non-value added processes from small scale manufacturing units making them keep less inventory in less space and manage available resources to reduce production time and cost, enabling to produce more. The researcher identifies four wastes in production process and suggests practical ways to eliminate it.

Key words: Lean production, supply chain, production wastes, inventory

Introduction

Lean production is about the elimination of production waste which do not add any value but cost to the product. In current difficult conditions where small scale manufacturing units are struggling for existence lean production is ray of hope for survival or revival from sickness. The aim of all small scale manufacturing should be to deliver value at low cost by studying the stages of production, purchasing, and delivery of final product. This can be achieved by removing four production wastes mentioned below-

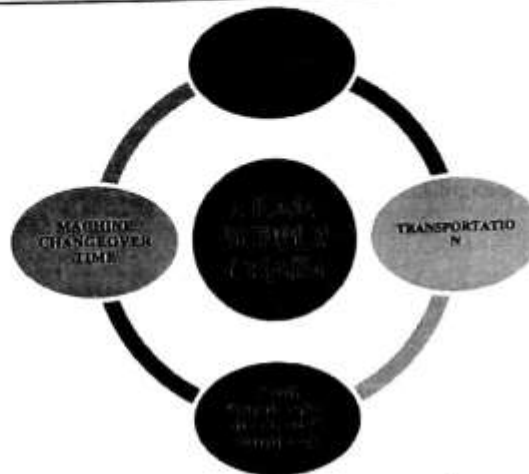
Inventory in the form of raw material, WIP and finished products within the supply chain, frequently resulting from lack of planning or long lead time leading to high cost, over handling and large space occupancy is a waste.

Machine changeover time leads to waste of labour time and efficiency, reduces machine utilization and increases cost of production.

Transportation is non value adding process and any unnecessary movement of materials and labour add to the cost which is waste.

Avoid producing defective products which increases rework or scrap generation which is waste.

Lean production helps the units to save working capital and valuable time by reducing inventory, waiting time, delayed changeovers, duplication of work, and rejection. Small scale manufacturing units mostly work as vendors to large units by providing raw material or by processing parts used in these units for final product. While doing this small scale manufacturing units face pressures and situations which are beyond a control leading to over production and keeping huge inventory. Small scale units may come out of this by understanding the above four steps. The biggest challenges for small scale manufacturing units are demand variability, and timely information which increases the inventory and production losses.



By adopting lean techniques manufacturing units can reduce or eliminate the four wastes of manufacturing by timely information which aims at delivering visibility of materials, WIP, scrap and assets. A small committee may be formed headed by the owner of the unit that checks and address all wastes, and significantly reduce costs, inventory and cycle times, while increasing throughput and asset utilization. To further improve the supply chain, small scale manufacturing units must address the following points.

1. Vendor Customer relationship management

These units should develop good relations with customers and plan their needs and develop tailored supply chain solutions. This approach allows small units to eliminate its inventory improving on-shelf availability.

2. Collaborative relationships

Collaborations should be built to share benefits, with its supplier to increase revenue, achieve product availability, significantly decrease inventory, and save logistics costs.

3. Coordination among processes

It is observed in organizations that different departments do not share information's and disrupt supply chain performance.

4. Inter organization information sharing

Large units must share the information with vendors for smoothen the business and reduce the lead time of the delivery.

5. Managing demand

It is observed that small scale manufacturing units have poor forecasting leading to huge inventory pile ups. There is a need of integrating the demand and supply functions across the supply chain for forecasting accuracy which can decrease costs.

Supply chain excellence is the key to success but many units think about their supply chains only when it is broken i.e. high inventory, dissatisfied customers, and supplier problems. These small unit owners find themselves in a very real tug of war pulled one way by customers' mounting demands and the opposite way by the company's need for growth and profitability. The rope can be kept from snapping by

managing supply chain to achieve profitable growth. These owners can improve the links involved in managing the flow of products, services, and information so as to focus on revenue growth, asset utilization, and cost.



These owners must realize that the real measure of success is how well the supply chain activity is coordinated to create value for customers, while increasing the portability at every stage in the chain and to release the working capital for other use (Patil, D. 2013).

6. Conclusion

It is concluded that coordination in supply chain and lean production technique will be a key to success for small scale units. Many units think about their own supply chains and manufacturing problems only when it is broken because of high inventory, dissatisfied customers, and supplier problems. These small unit owners find themselves in a very real tug of war pulled one way by customers mounting demands and the opposite way by the company's need for growth and profitability. The rope can be kept from snapping by managing supply chain to achieve profitable growth. These owners can improve the links involved in managing the flow of products, services, and information so as to focus on revenue growth, asset utilization, and cost. These owners must realize that the real measure of success is how well the supply chain activity is coordinated to create value for customers, while increasing the portability at every stage in the chain and to release the working capital for other use (Choudaki, D., 2016).

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