

Unit 42

Lean production

1. What is lean production?

Lean production = approach to production aimed at reducing the quantity of resources used.

: As a result, lean production :

- Raise productivity
- Reduces costs and cuts lead times
- Reduce the number of defective products
- Improve reliability and speeds up products design

2. Just-in-time production

: production technique that is highly responsive to customer orders and uses very little stock holding

: This means that a business does not

- Hold any stock of raw materials or components-suppliers have to deliver resources straight to the production line.
- Produce any goods unless they have been ordered-this avoids to hold stock of finished goods

3. Kaizen

: is a Japanese work and refers to the practice of continuous improvement.

1. Standardisation	: Carry out every business activity according to established formulae.
2. Teamworking	: This involves dividing the workforce into small groups. Each team will focus on a particular area of production and team members will have the same common aims. Both the business and workers might benefit from teamwork
3. Empowerment	: give employees more control over their own work.
4. Suggestion schemes	: Suggestion schemes encourage workers to suggest ideas to improve production or reduce costs.
5. Quality circles	: are small groups of workers in the same area of production who meet on a regular basis to solve production problems.
6. Multi-skilling	: Multi-skilled workers are more useful to a business.

4. The importance of using resources effectively

This is important because the benefits of using resources effectively are numerous.

4.1 Financial benefits

: If fewer resources are used, business costs will be lower

4.2 Improved competitiveness

: Lean producers will have a competitive edge in the market.

4.3 Positive environment effects

: If a business makes more effective use of resources, it will be making a positive contribution to the protection of the environment.

4.4 Improved customer service

: Customers are likely to benefit if business makes more effective use of resources.

