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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.

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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

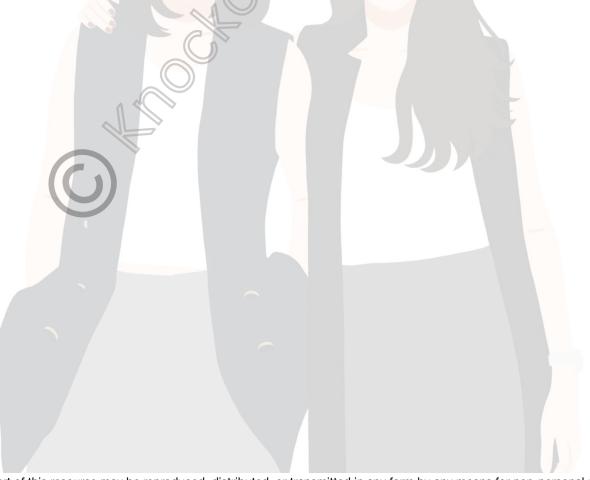
: Lean producers will have a competitive edge in the market.

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.



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