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PRODUCE COMPANIES MUST STRIVE TO BECOME LEANER

The quest to become leaner has been the goal of many organisations in the wider supply chain over the last few years. The reasons are simple. A lean business delivers shorter lead times, improved quality, reduced costs, improved productivity and better customer service. Even in today's competitive environment, this results in higher profitability.

What is now being recognised is the vital role that enterprise resource planning (ERP) systems can play in achieving a lean working environment. The move towards becoming lean is all about eliminating waste and fostering continuous improvement throughout the entire supply chain. However, these cannot be achieved without a high level of organisational commitment and resolve. Living with systems and processes "because we have always done it this way" is hardly conducive to lean thinking.

The key to success is to take a long hard look at what adds customer value and eliminate those aspects that only add costs. So how does a successful, fully integrated ERP system help this process? The basic tenants of lean thinking are value definition and specification, value stream mapping, uninterrupted flow, customer pull and the pursuit of perfection. A fully integrated ERP system should be designed to support these principles.

As the central nervous system of an organisation, the ERP system will include the company's preferred operating processes and procedures. They carry data and definitions, a record of activities and provide the measurement systems for determining where opportunities for improvement lie.

Where companies are operating with disparate non-integrated systems, tackling issues is challenging. It is difficult to act on improving what you don't know or can't see. The lack of visibility is the most common complaint of management trying to operate in such an environment. Where ERP systems can help is through the use of integrated sub-systems that handle every aspect, from forecasting and planning to the receipt of goods by the customer. Moreover, they provide management with the tools to operate a continual improvement programme.

Lean is not a one-off exercise, nor is it ever complete. As the business environment continues to evolve and change, there is always more to do. Once the initial improvements have been achieved, the process of continual improvement should be implemented. More inefficiencies should be uncovered and processes should be revisited to explore whether within the changing business environment, they are still fit for purpose. Business information tools should be used to dig deep into the company's information bank to seek areas for further refinements. ■

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