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Advancing Productivity, Innovation, and Competitive Success



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The Biggest Loser: Manufacturing winners are lean

Recently, I attended the Association for Manufacturing Excellence (AME) annual conference in Covington, Kentucky. The conference sessions primarily focused on the application of lean concepts—from manufacturing to service and healthcare. In fact, according to AME, the sole purpose of its conferences is to provide attendees “with a solid, jam-packed, practical and reliable source of lean learning.”

What I came away with is not surprising: The integration between lean concepts and the APICS body of knowledge is critical to improving organizational performance.

A number of our readers forwarded an article that ran earlier this week in *USA Today*, titled “[Lean manufacturing helps companies survive recession](#).” The author, Paul Davidson, describes how mattress giant Sealy Corporation took its manufacturing from a disjointed “stutter step” to a smooth-running “ballet.”

“Driving the lean movement is an urgent need to pare inventory,” Davidson writes. “With revenue down and tight-fisted banks reluctant to lend, the makers no longer can afford to tie up hundreds of millions of dollars in raw materials that languish in factories for weeks or months.”

[Marlin Steel Wire](#) Chief Executive Officer Drew Greenblatt says something that may resonate with you: “Inventory is evil. [By trimming it], you find a big pile of cash.”

Yet, with all the information we know, one expert estimates only 15 percent of manufacturers extensively apply lean practices.

Living lean

Though readers are familiar with the general concepts of lean, I do want to take this opportunity to provide a definition of lean management principles from the *APICS Operations Management Body of Knowledge (OMBOK) Framework*.

Lean management is closely related to the concepts of the Toyota Production System (TPS). It is applied not only in production but across the entire enterprise, with broad application in service industries as well. Lean management involves the systematic identification and elimination of waste throughout the entire value stream. In the TPS, waste is identified by the Japanese word muda.

The key component that distinguishes lean from other management concepts is the broadening of the definition of waste to include time and inventory. Through this, lean-managed production tends to evolve quickly into continuous flow, using little or no work-in-process inventory, and ultimately reaches the goal of one-piece flow of the product or service.

The *APICS OMBOK Framework* goes on to identify the seven categories of waste: overproduction, waiting, transportation, processing, movement, inventory, and defective units. As previously mentioned, I know readers are familiar with lean concepts. But if only 15 percent of manufacturers are applying it extensively, then I suspect a broad variety of challenges may arise as you endeavor to implement lean practices.

One common challenge always is leader buy-in. If you struggle with this, I encourage you to use the *APICS OMBOK Framework* as a resource to help make your case. Further, the APICS Lean Enterprise Workshop Series provides a practical approach to lean implementation. Companies are using this workshop series to familiarize and train teams on lean transformation. Organizations such as APICS and AME are dedicated to providing the information and education required for companies to succeed—even in a challenging economy.

http://www.apics.org/Resources/omnow_091106.htm?utm_source=eMail_OMNow&utm_medium=eMail&utm_campaign=091231_OMNow