JUST-IN-TIME BUSINESS POLICY-CHALLENGES IN NEW MILLENNIUM

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PHILOSOPHY OF JUST-IN-TIME

- o JIT originated in Japan, post WWII
- Driven by a need survive after the devastation caused by the war
- JIT gained worldwide prominence in the 1970s
- Toyota Motor Co. developed JIT

SEVEN BASIC TYPES OF WASTE

- Transportation waste
- Process Waste
- Inventory Waste
- Waste of motion
- Waste from product defects
- Waiting time
- Overproduction

COMMON CAUSES OF WASTE

- Layout (distance)
- Long setup time
- Incapable processes
- Poor maintenance
- Poor work methods
- Lack of training

- Inconsistent performance measures
- Ineffective production planning
- Lack of workplace organization
- Poor supply quality/reliability

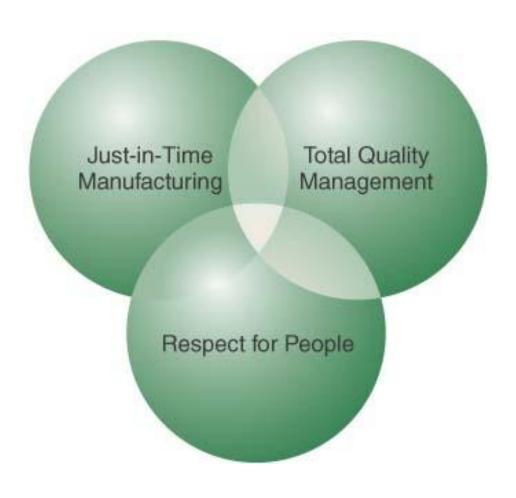
JUST-IN-TIME

- JIT philosophy means getting the right quantity of goods at the right place and the right time
- o JIT exceeds the concept of inventory reduction
- JIT is an all-encompassing philosophy found on eliminating waste
- Waste is anything that does not add value
- A broad JIT view is one that encompasses the entire organization

JIT - CONTINUED

- o Often termed "Lean Systems"
- All waste must be eliminated- non value items
- Broad view that entire organization must focus on the same goal - serving customers
- o JIT is built on simplicity- the simpler the better
- Focuses on improving every operation-Continuous improvement - Kaizen
- Visibility all problems must be visible to be identified and solved
- Flexibility to produce different models/features

THREE ELEMENTS OF JIT



THREE ELEMENTS OF JIT - CONTINUED

- JIT manufacturing focuses on production system to achieve value-added manufacturing
- TQM is an integrated effort designed to improve quality performance at every level
- Respect for people rests on the philosophy that human resources are an essential part of JIT philosophy

BENEFITS OF JIT

- Reduction in inventories
- Improved quality
- Shorter lead times
- Lower production costs
- Increased productivity
- Increased machine utilization
- Greater flexibility

IMPLEMENTING JIT

- Starts with a company shared vision of where it is and where it wants to go
- Management needs to create the right atmosphere
- Implementation needs a designated "Champion"
- Implement the sequence of following steps
 - Make quality improvements
 - Reorganize workplace
 - Reduce setup times

IMPLEMENTING JIT - CONTINUED

- Reduce lot sizes & lead times
- Implement layout changes
 - Cellular manufacturing & close proximity
- Switch to pull production
- Develop relationship with suppliers

JIT IN SERVICES

- Most of the JIT concepts apply equally to Service companies
 - Improved quality such as timeliness, service consistency, and courtesy
 - Uniform facility loading to provide better service responsiveness
 - Use of multifunction workers
 - Reduction in cycle time
 - Minimizing setup times and parallel processing
 - Workplace organization

JIT ACROSS THE ORGANIZATION

- JIT eliminates organizational barriers and improves communications
 - Accounting changes or relies on activity-based costing
 - Marketing by interfacing with the customers
 - Finance approves and evaluates financial investments
 - Information systems create the network of information necessary for JIT to function

CRITIQUE OF JIT

Problems

- System of beliefs and collection of methods
- Successes due to genius of Ohno and Shingo (of Toyota) they did make tradeoffs
- Moves inventories to suppliers but does not reduce overall
- Workers in JIT environments under high levels of pressure -burn out!

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