

KANBAN OPTIMIZATION



Software Calculation



Demand Pattern Evaluation



Report with Backup Data

The symptoms of material shortages, high inventory levels, and the need for expedite lists are often caused by non-linear demand patterns. Those companies with Kanban systems in place, or about to implement Kanban, should consider the following:

IMPACT OF NON-LINEAR DEMAND PATTERNS

Not all part numbers can, or should, be placed on Kanban especially those that have erratic demand patterns. Erratic demand patterns create shortages, which generate a reaction to raise the safety stock level across all Kanban items. This action will minimize shortages. However, it will also inflate the Kanban lot sizes. Since there is a high degree of excess material available, it is difficult to know what is actually needed when something is triggered. This in-turn gives rise to hot sheets and expedite lists communicating what is “really needed.” The whole intent of Kanban is defeated when there are line stoppages, inflated inventory, and the need for expedite lists to determine what is actually required.

GENERAL SAFETY STOCK SETTING

Identifying and excluding erratic demand pattern items from Kanban is key, however, it is not the complete solution. Every environment experiences a degree of demand fluctuation within the same planning period. Heijunka is a technique used by companies to minimize this fluctuation of demand by load smoothing and sequencing the top-level build schedule in a flat, rhythmical fashion. Unfortunately, not every company can apply Heijunka to their facility and those that can often cannot employ it to its fullest extent. Not having a perfectly linear demand pattern necessitates that safety stock be applied to all kanban items to the degree that the environment is not linear. Each environment is different and requires a different degree of safety stock.

DEMAND PATTERN ASSESSMENT™ SOFTWARE

Replenishment Technology Group, Inc. (RTG) has developed a powerful, proprietary Demand Pattern Assessment™ software package that has been successfully applied to hundreds of companies over the past 14 years. With this tool, RTG utilizes data from your

company's MRP/ERP package in an ASCII flat file format to calculate Kanban lot sizes and to perform a simulation, which will determine:

- 1) Items that should not be placed on Kanban due to their erratic demand patterns.
- 2) Appropriate safety stock level, expressed in days that should be applied to your Kanban calculations to minimize the number of stockouts.

The software will then determine the projected, average aggregate Kanban inventory levels, expressed in dollars. These projected inventory levels are compared to your current aggregate inventory levels.

KANBAN OPTIMIZATION: NOT CURRENTLY ON KANBAN

Save yourself the hardship of high inventory levels coupled with shortages and expedite sheets. Before you implement, find out what part numbers are too erratic for Kanban and the appropriate safety stock level settings for your specific environment. The Kanban Optimization service provides you that information plus a projection of what percent your current inventory levels will decrease or increase once you are on Kanban. You will be provided a report reflecting the above information plus be offered a phone consultation to answer any questions.

KANBAN OPTIMIZATION: CURRENTLY ON KANBAN

If you are already experiencing high inventory levels coupled with shortages and running your plant with expedite sheets, the root causes can stem from any number of areas. However, erratic demand patterns are, more often than not, the reason there is an across-the-board issue. For companies that are experiencing these issues, we can determine if erratic demand patterns are problematic through our assessment process. Based upon your current Kanban settings and demand patterns we can advise you of the key items that should be removed from Kanban and the appropriate degree of safety stock that should be set for your specific environment.

KANBAN OPTIMIZATION PROCESS

This service is provided to you remotely. Once you have scheduled your service with us and have provided the name of your IT interface, we will make contact and specify the required file layout. The file they create can be sent electronically to us. Once we complete the analysis and detailed report it will be E-mailed to you. We will then go over the report with you to answer any questions.

BENEFITS OF OUR KANBAN OPTIMIZATION SERVICE

1. Reduce shortages
2. Lower inventories
3. Quicker response to demand by removing bloated safety stock levels
4. Credibility of a triggered Kanban

Call (480) 704-3810 today to schedule your Kanban Optimization