

Implementing Lean in the JD Edwards EnterpriseOne and World Supply Chains

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Introduction

In these days of ever-increasing competitive global markets, top management is looking for ways to build and sustain an advantage. And many companies know or have heard that by going “Lean” – or by putting Lean techniques in place – manufacturing and distribution operations can be streamlined to increase outputs and to boost profits as well.

But while looking to go lean is great, a good number of companies spend a lot of money bringing in Lean theory experts – only to find out after the training that there can be an inability or unwillingness to help the company implement Lean practices into existing or new ERP processes. Consequently, Lean implementations can stall or, even worse, fail before getting off of the ground.

So what can be done to get the greatest benefit out of a recent Lean theory education, or to get a Lean implementation headed out of the station on the right track, so to speak?

An enormous boost or head start can be realized in a project by taking a close look at what your current ERP system has to offer in the way of Lean, and then to build on that foundation. Indeed, seemingly unbeknownst to many companies, they already have a terrific Lean tool at their disposal and can unlock near limitless potential in gaining an edge – with a well thought out and well executed implementation of Lean concepts within their JD Edwards ERP system.

So what is Lean? Formally, Lean is a process improvement strategy that has to do with getting more out of less. As a term, it was originally coined for describing a method of production in which less of everything is needed when compared with traditional high-volume production lines: half the space requirements, half of the tooling investment, half of the engineering hours to develop a new product.

Historically, Lean thinking in America can be traced back to colonial times and Ben Franklin.

Quotes such as:

“Tis easier to prevent bad habits than to break them.”

and . . .

“Lost time is never found again.”

. . . unquestionably hit the Lean mark.

But to give bona fide credit to the invention of Lean systems, we need to fast-forward to the early 1900's – as it was then that Henry Ford pioneered many of the key principles of Lean systems. And, Henry Ford is universally recognized as the first person to integrate the concepts into an entire production system – under what he termed “flow production”.

Later, Lean became a term universally applied to describing the Toyota Production System (TPS), created by the founder of Toyota, Sakichi Toyoda; his son, Kiichiro Toyoda; and the engineer, Taiichi Ohno.

Lastly, it was not that long ago the seminal book “The Machine That Changed the World: The Story of Lean Production” by Womack and Jones, formally introduced the word “Lean” and five key concepts:

- Specify value in the eyes of the customer.
- Identify the value stream and eliminate waste.
- Make value flow at the pull of the customer.
- Involve and empower employees.
- Continuously improve in the pursuit of perfection.

So how does this Lean history apply to the JD Edwards system, and not just to production?

Well if you take another look at the list above, you'll see that practically all of the Lean key concepts from Womack and Jones can be applied to just about every area of a company, not just to production. And the truth is that Lean thinking *should* be applied to all areas of a company – throughout the enterprise, across all functional areas – in order to give it its best chance for success.

What this means that you can definitely apply Lean principals to the JD Edwards system, and should.

The key Lean principles that can be applied to JD Edwards include: continuous system improvement, waste elimination/removing all activities that do not add value, perfect first-time quality, and demand pull.

Heading the list is “Continuous improvement”, originally coming from the Toyota Production System as the term *Kaizen* – or “change for the better”.

Do top managers want change for the better? You bet they do – and **right now!** However, in applying *Kaizen*, there needs to be an understanding that Lean JD Edwards cannot be achieved by simply purchasing a new revision of the

software, nor by activating a new module, nor by switching some system settings. “There is no such thing as a Lean go-live.”

It needs to be understood that:

“Achieving Lean within JD Edwards is an evolutionary process of change and adaptation, not an idealized technology-driven end state.”

So how do you go about getting JD Edwards heading down the path to Lean, and when is the best time to get started?

Well the best time to get started on such a heady undertaking is definitely now, and in order to help you to realize the key benefits of Lean thinking when applied to JD Edwards – which include efficient use of resources, higher quality at lower cost, and greater flexibility – this course was created by Pat Martino, a Klee Associate.

In this course, dozens of time-tested Lean solutions are presented. Some of the solutions involve eliminating non-value-added activities, which in the TPS model is known as *Muda* – or waste. Applied to JD Edwards, the course details the use of many functions of the software that people are not often aware of, each of which is capable of eliminating wasted effort throughout the organization. It begins with examples of eliminating waste where it all starts – product definition; and builds on it with simplification of processing within operations planning, eliminating or reducing the need for work orders, streamlining transaction processing, and on and on.

Other solutions presented in the course include the TPS principle of *Poka-yoke*, which means “mistake-proofing” or “fail-safing”. Application of this principle leads to perfect quality, the first time. In this part of the course, results are achieved by putting limits on how JD Edwards processes can be performed in order to force correct completion of an operation.

Last but not least, the course provides ways of utilizing demand-driven processes within JD Edwards, of which *Kanban* is a part, to enable your company simply to make what the customer wants instead of pushing products, often unwanted, onto the customer.

To get more into the details, the course will guide you through the following areas of Lean:

- Lean Fundamentals
History of Lean and its application to JD Edwards
- Reducing Product Definition Workload

Shortcuts in entering and maintaining items, bills of materials, work centers, and routings

- Reducing Work Order Workload
- Streamline the material pull operations, achieving greater visibility in managing shortages, line stocking techniques, pay points, and eliminating issues altogether

- Shifting to Demand Driven Production
Tying production to sales order entry, master scheduling in a demand-driven environment, continuous MRP

- Alternatives to Traditional Work Order Processing
Kanban, auto-loading of production schedules, repetitive manufacturing techniques

- Reducing the Need for Work Orders
Flattening bills of materials, work cells, production of part families

- Shifting to Outsourcing
Planning outsourced work and materials needed, managing the transaction sets, *Kanban* for OSP, 3rd-party warehouse operations

- Lean Procurement
Automatic order consolidations, auto-replenishment, Supplier Scheduling, purchasing part families, effortless supplier analysis

On the whole, a bundle of time-tested Lean solutions are covered. And, each of the solutions presented has been drawn from actual JD Edwards implementations – not just from Lean theory or derived from software documentation.

Ready to get started in “thinking and being Lean”?

Let’s roll!