



## Lean Procurement - Yes, It's Real

### Part 1: Purchasing Process Overview

By **Bernie Fischette**

**E1 Editor's Note:** Companies worldwide are always searching for ways to become more efficient and cost effective while still providing quality goods and services. In this three-part series, Bernie will help you join this trend by explaining the steps involved in implementing Lean principles in Procurement. Part 1 of the series will cover the initial Master Data and Procurement setup.

### Introduction

The key Lean principles that can be applied to JD Edwards include continuous system improvement, waste elimination, removal of 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".

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.

In this three-part series we will help you to realize the key benefits of Lean thinking when applied to JD Edwards Procurement – which include efficient use of resources, higher quality at lower cost, and greater flexibility. For an even deeper dive into Lean principles, check out JDEtips' [Lean Procurement Workshop](#).

## Objectives

The objectives of this series are fivefold:

1. Purchasing Process Overview
  - a. Master Setup
  - b. Procurement Setup
2. Simplify Item Maintenance
3. Quality Built-In
4. Automate Non-Value Activities
  - a. Supplier Templates
  - b. Outside Processing
5. Reduce Entering Purchase Orders
  - a. Purchase Kits
  - b. MRP Purchase Order Creation
  - c. Purchase Order Generator

These objectives will be covered in the following articles:

- Lean Procurement, Part 1: Purchasing Process Overview.
- Lean Procurement, Part 2: Simplifying Item Maintenance and Quality Built-In.
- Lean Procurement, Part 3: Automating Non-Value Activities and Reducing Purchase Orders.

## Assumptions

Before we get started, this article assumes the following:

1. You understand the basics of E1 Purchasing/Procurement (System Code 43).
2. You understand why inventory control and purchasing are vital to a successful ERP system.

## Getting Started

In this article, we will discuss the value and usage of some of the Common Applications as well as Procurement Process Overview Applications as shown in Figure 1.

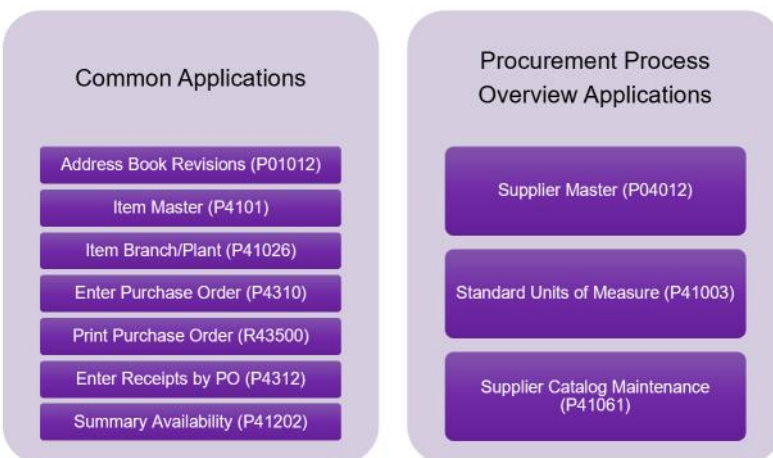


Figure 1: E1 Applications covered in this article for Common and Procurement Process Overview steps

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