



WHITE PAPER

## **Buying into Lean Supply Chain**

Lean concepts require an attitude of continuous improvement with a bias for action.

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# Lean Concepts Require a Bias for Action

**Distributors must be ready to ask and understand which activities truly create value and which ones are wasteful.**

Distributors who eliminate non-value added activities and inventory are reaping rewards of operational improvement, decreased cost of ownership and increased revenue.

## LEAN THINKING

Lean supply chain management is about reducing costs and adding value for customers while identifying and eliminating waste.

The fundamental role with lean thinking is to produce more or do more with fewer resources while giving the customer exactly what they need when they need it.

## PUTTING LEAN TO ACTION MEANS UNDERSTANDING THE VALUE STREAM

Organizations must be ready to ask and understand which activities truly create value and which ones are wasteful. It's important to remember lean is not merely about eliminating waste. Being lean is about eliminating waste while enhancing value.

## LEAN PRINCIPLES ARE ALL ABOUT CREATING VALUE



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***Strategies for tomorrow's product distribution require a different approach.***

When creating your value stream, it is important that you portray a vision of the future for the process or supply chain you are creating. To develop a value stream map for a product, select a product family and collect process information, map the steps in sequence and by information and work flows.

Mapping the value stream for the supply chain is a similar process; the value stream should include product flow, transportation links, defects and delivery time and steps, and end-to-end supply chain information flow. Once the value streams are mapped, they should be scrutinized for bottlenecks, waste, and process issues.

Now you can begin planning future state and focus on waste reduction. When waste is reduced or eliminated across the supply chain, overall cycle time is improved, labor and staff costs are reduced, product quality and delivery are improved, inventories are reduced, and customer lead times are shortened. The net effect is the entire supply chain is more efficient and responsive to customer needs.

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## **LEAN THINKING MAY NOT REQUIRE ABSTRACT THINKING, BUT IT DOES TAKE PERSEVERANCE AND ATTENTION TO DETAIL**

The “Waste” reduction process begins with the question, “What can we do to improve?”

- 1. Defective products which create returns**
- 2. Overproduction or overshipment of products**
- 3. Excess inventories which require additional space and reduce warehousing efficiency**
- 4. Excess motion and handling**
- 5. Inefficiencies and unnecessary processing steps**
- 6. Transportation steps and distances**
- 7. Waiting for parts, materials and information**
- 8. Information processes**

Lean systems allow a supply chain to not only be more efficient, but also faster. As the culture of lean takes over the entire supply chain, all links increase their velocity. A culture of rapid response and faster decisions becomes the expectation and the norm. This does not mean that decisions are made without careful thought. It simply means that a “bias for action” becomes the new corporate culture and anything less will not be tolerated. Slow response or no response becomes the exception, rather than the rule.

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If you would like to learn more about lean concepts, please feel free to reach out to [Jennifer.Young@tecsys.com](mailto:Jennifer.Young@tecsys.com).

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