

# CHECKLIST

## Lean and agile supply/demand chains/pipelines

### Lean

(Webster's dictionary: containing little fat)

This represents efficiency and eliminating waste, by enhancing the flow between source/user. For example with J.I.T. in car manufacturing

In the car industry, it can be seen as, concentrating more on the supply chain, with "stock push". Planning and forecasting can be the main driver, with Economic Batch Quantities/ Make to Stock production methods. It takes up to 18 hours to build a new car. Yet, upto three months to get the car to consumer. (The best producer takes an average of 1.3 months). These post production times are being targeted under "the three day car" banner. This being the lead-time, from build to the consumer).

Lean can be seen as the response to dealing with, the perceived uncertainty in demand, therefore, efficient supply is undertaken. It is the supply side that is Lean; the demand side may however be "Fat."

### Agile

(Webster's dictionary: nimble)

As demand can be difficult to predict, there is therefore the need to have a Rapid Response to the end market demand. Demand drives the supply chain. For example, ECR in food retailing

With food retailers, they can be seen as concentrating more on the demand chain (or pipeline), with "demand pull". The end marketplace, (the consumer), is the ultimate demand driver, therefore with having such certainty, this can enables Make and Assemble to Order production. In turn, this can also mean having modular product structures with postponement until the latest time possible, for example, customisation, kiting, and assembly in Distribution Centres.

Everything that is bought, produced, moved, and handled is in response to a known customer requirement.

### Conclusion

The main change needed to be agile is to get close to the market real time demand.

Then all the other challenges will remain for efficient and effective Supply Chain Management, such as those on the following page:

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- creating value from the customers perspective,
- identifying the value stream
- highlighting non value added work,
- sharing information,
- process integration by smoothing the supply/demand chain,
- forming a network of companies who work closely together.

These all remain, as important challenges and changes needed to the past “traditional” ways of supplying products to markets.

Indeed for the Car industry, such challenges are conceptually similar to those initially experienced, when they changed to J.I.T. supply from the previous bulk buying and large stock holding processes.

The terms need not be mutually exclusive. Within a Total Supply Chain viewpoint therefore, being “Lean” and “Agile”, is both efficient and effective, as both “sides” of Supply and Demand, respond by “pulling” to the end market consumer demands in real time. “Leagility” has been used to describe the combined lean and agile viewpoints.