You won’t GET LEAN... until you GET VISUAL!

VISUAL management techniques for optimum INVENTORY form, fit and function

- Raw materials, work-in-process, finished goods, location and product flow
- Kanban
- Min/max levels
- Material handling procedures

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Visual Signals are Essential for Effective, Efficient Inventory Control

Kanban is the Japanese term for card or signal. It has evolved as a Lean tool to manage inventory based upon customer demand.

Traditional inventory systems “push” material from one operation/department to the next. As such, production runs are not based upon customer orders, but rather the setup times, equipment availability and MRP driven data. Oftentimes, variations in process control, scrap and rework are not taken into consideration when production plans are created.

The Result: Traditional inventory systems...
1. Do not produce what the customer actually needs, and;
2. Are driven with inaccurate information — thus driving waste.

Instead of pushing inventory through an organization, Kanban “pulls” inventory that is directly related to customer demand. Kanban utilizes simple visual signals instead of sophisticated software systems to trigger production or replenishment. These visual signals can be designed in many different ways. The most common form of a Kanban is a physical card displaying:

- Item #
- Standard quantity
- Supplier (internal or external)
- Reorder point
- Location/department.

Companies that Know Success

Here’s a few of the world’s leading companies:

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- Sylvania
- Caterpillar
- General Mills
- Johnson & Johnson
- Harley Davidson
- Nike

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TOP 11: Driving Questions to Optimize Inventory Control

If your facility is lacking in any of these areas because systems are not in place or poorly maintained, this document is designed to help. For more information or to address a specific situation, please contact Visual Workplace.

1. Is a visual kanban (signal) system in use? Is it effectively controlling inventory?
2. Do visual Min/Max inventory levels exist for all parts?
3. Are inventory levels routinely reviewed to determine if they are balanced with customer demand, and adjusted accordingly?
4. Do purchased components, WIP, and finished goods have a designated location with an address?
5. Are material handling procedures clearly identified? Is material moved with visual triggers?
6. Are water spiders used to maintain WIP levels and are they responsible for material transportation?
7. Are inventory abnormalities identified visually and addressed immediately?
8. Do team members routinely flex their resources to operations where productivity is constrained?
9. Is color-coding used to identify the difference between raw materials, WIP and finished goods?
10. Is the material flow for raw materials, WIP and finished goods clearly visible?
11. Are finished goods, raw materials, and WIP stored in a single location to avoid excess inventory and obsolescence?

How does your facility score on these inventory control issues?

Click here for a comprehensive visual management self-assessment to:
1) evaluate where you're at now, and; 2) identify opportunities for improvement
Kanban in the Workplace is a Can Do Win-Win-Win Inventory Solution

The theory of Kanban is to create a calculated number of visual signals that represent the amount of material required to meet customer demand in a given period of time. As products are produced, a signal is attached to the material and sent to the next operation. When that material is consumed, the signal is returned to the internal or external supplier where it becomes a trigger to produce more.

Interestingly enough, almost no two Kanban systems or Kanban signals look alike. The signals should be designed to meet the needs of the process. Kanban signals can be created using many different types of resources, including:

- Alarms
- Painted lines
- Printed/laminated cards
- Signs
- Flags
- Empty totes/racks
- Shadows of inventory locations
- Floor or shelf locations
- Magnets
- Video...
Kanban Systems

Benefit the Entire Enterprise:

- Employees are empowered to be more productive and more efficient.
- Customer satisfaction is enhanced with on-time delivery and shorter lead times when inventory is properly managed.
- The business is rewarded with higher profits stemming from increased productivity and
Creating an Effective Kanban System Suited to Your Workplace Environment

Once the kanban signals have been designed, a location for the signal at the point-of-use must be determined. It should be visual, providing at-a-glance information, indicating possible conflicts in priority or stock outs. The ability to see, recognize and act on this information will eliminate shortages before they happen.

There are many different types of boards and materials that can be used to store kanban signals. It is critical that the rules for moving kanban signals and prioritizing production schedules for the kanban materials be defined. The kanban boards summarize information that is necessary for determining priorities. Below are examples of Kanban boards that store and/or describe the kanban requirements.
Location! Location! Location! Make Inventory Messaging Have Meaning

Inventory control signage and simple kanban displays can add a lot of valuable information with minimal effort or space. Proper work instructions, process controls and key performance indicators can be efficiently and effectively communicated when the message is in the right place, at the right time and being viewed by the right people.
5 Fundamental Rules to Maximize Kanban Operational Performance:

1. No material is moved, replenished or manufactured without a kanban signal or card.

2. Kanban signals must be audited for loss, theft or damage. A missing signal is missing inventory.

3. Periodic reviews of customer demand should be compared to the kanban inventory levels. This review is essential to identify shortages and overages. The kanban signals can then be adjusted accordingly.

4. Only inspected or acceptable materials are labeled with a kanban signal. Material waiting for inspection, or suspected to be nonconforming, must be properly reviewed before placing a kanban signal on it.

5. Defective material or partial quantities should never be sent onto the next operation.
How do You Communicate a Reorder Point?

If a Picture is Worth 1000 Words — What About Color? Priceless...
Visual Workplace Specializes in Workplace Signage

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