



Expenses and Causes of Waste Overproduction

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DESCRIPTION

Overproduction is the most wasteful aspect of lean manufacturing (7 Mudas). Overproduction occurs when things are produced in excess quantities or before they are truly required, resulting in excess inventory.

According to Lean Manufacturing principles, Companies should manufacture what the customer wants when they want it and only pull what is requested through their work flow. With inventiveness and growing technology, Just in Time production can be achieved in any industry.

Expenses of overproduction waste

Stock, raw materials, work in progress (WIP), and completed commodities accumulate as a result of overproduction. Because people rely on their money to run their business, they either run out of money or wind up paying money to the bank. Many firms have failed because they are unable to purchase raw materials to service a consumer since they have already invested their funds in non-essential items.

Another cost connected with overproduction is the storage and movement of the inventory you've generated; it all takes big space, personnel and equipment to carry it around, and storage containers. All of this is a cost to company, and it could eliminate it; the savings should go directly back into company's profit margin.

Causes of the waste of overproduction

Why do producers generate so much? The solution is frequently as easy as "this is how people have always done it" some Authors have worked with several firms over the years that produce large batches of goods, resulting in massive volumes of stock, when they could easily cut the batches and optimize their flow, lowering lead times and enhancing customer service. (I'll use a case study to illustrate this point.)

Because equipment's in industries are having lengthy setup, they aim to maximize their throughput by using "economical batch

quantities" to control how much material is processed rather than what the customer wants.

Industry managers distrust their suppliers' ability to supply what everyone needs, so industry managers order more than they need and sooner than they need it to ensure that they have it whenever needed, this additional stress that companies place on suppliers often causes them to fail becoming a self-fulfilling prophecy.

Companies also distrust the reliability of their own processes and plan to allow for interruptions in the flow of production, often scheduling a few days or even weeks between successive operations just in case of issues or the need to change the production plan. They plan in many of delays and inventory and many ERP and MRP systems add to this problem. Companies also work to forecasts; and guess what the customer needs in the future and invariably make mistakes and thus build product that is unwanted and don't build what the customers really want.

How to reduce overproduction

The first step is to realize that companies are doing it; understand that are often planning their own delays and large batches just because managers always done so. Many planning packages such as ERP and MRP amplify these problems; Managers and CEO's have often (in fact on reflection in every case) switched off the planning modules on these software packages in every company that have been to with lead time and delivery issues. Once managers understands the issue and thinks to implement the principles of lean manufacturing, identify the value stream using tools such a value stream mapping, process mapping, spaghetti diagrams and a host of analytical tools that are available. Then there is a need to make that value flow by rearranging of work place, creating production cells that contain all of the required processes and moving away from functional layouts. Using smaller, simpler, dedicated machines rather than "super machines" that have to handle every product in the factory. Tackle set up times on our equipment to enable the production of smaller batches using the technique of SMED, Single Minute Exchange of Die.

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