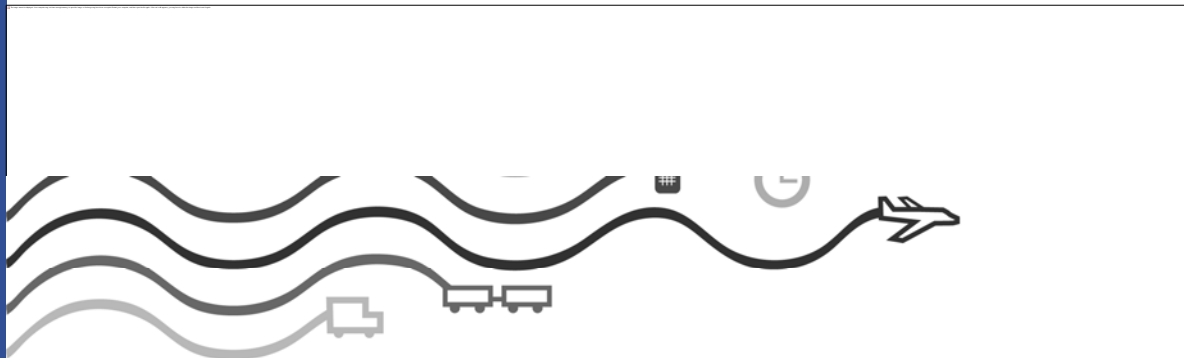
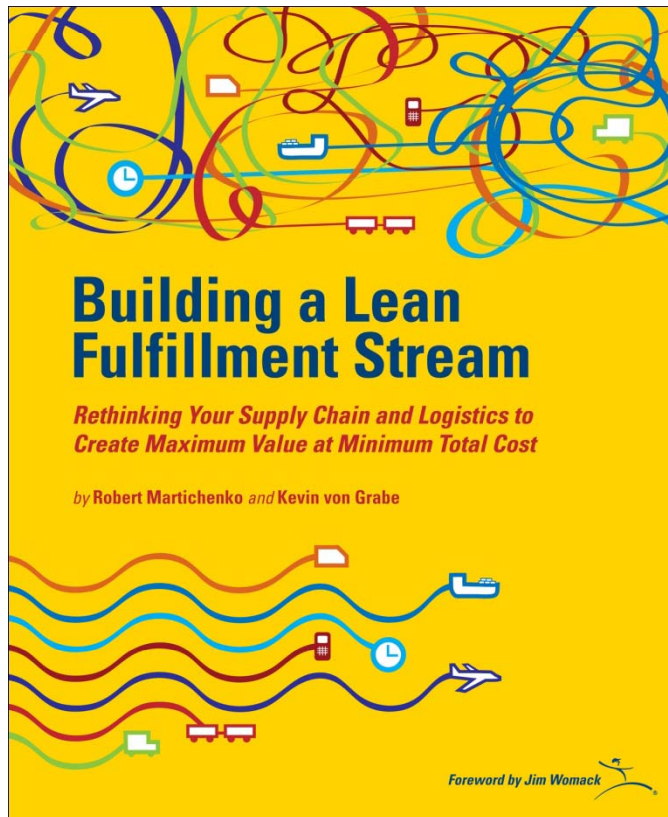




Lean Logistics & Supply Chain Networks: 8 Guiding Principles



Lean Logistics & Supply Chain Resources



- ***Building a Lean Fulfillment Stream***
 - Available at lean.org/bookstore
- **The “Building a Lean Fulfillment Stream” Workshop**
 - November 9, 2010 in Los Angeles, CA
 - Details at lean.org/fulfillment



Today's Presenters

Robert Martichenko

- CEO, LeanCor, a provider of third-party logistics & supply chain services
- Co-author *Building a Lean Fulfillment Stream*, LEI's latest workbook
- Began lean journey at Toyota Motor Manufacturing Indiana
- Over 15 years of lean supply chain and third-party logistics experience
- LEI faculty member, instructor John Cook School of Business at Saint Louis University, and the Georgia Tech Supply Chain & Logistics Institute
- Leancor.com



Today's Presenters

Kevin von Grabe

- Vice President, Lean Deployment, LeanCor, responsible for logistics engineering, transportation management, and project management
- Co-author *Building a Lean Fulfillment Stream*
- Lean logistics journey includes working on the greenfield start ups of Toyota Motor Manufacturing Indiana and Jabil Circuit in Hungary and China.
- Career includes materials management, transportation, consulting, and third-party logistics
- Leancor.com



Supply Chain & Logistics Management

A Practical Viewpoint



Principles of the Lean Fulfillment Stream

Eliminate all the waste

- Eliminate waste to increase value

Make customer consumption visible

- Build and Ship to the cadence of customer demand

Reduce lead time

- Increase flexibility

Create level flow

- Goods and information moving on a flow based on customer demand



Principles of the Lean Fulfillment Stream

Use pull systems

- Avoid overproduction and excess inventories

Increase velocity and reduce variation

- Move smaller lots more frequently

Collaborate and use process discipline

- Create problem solving culture

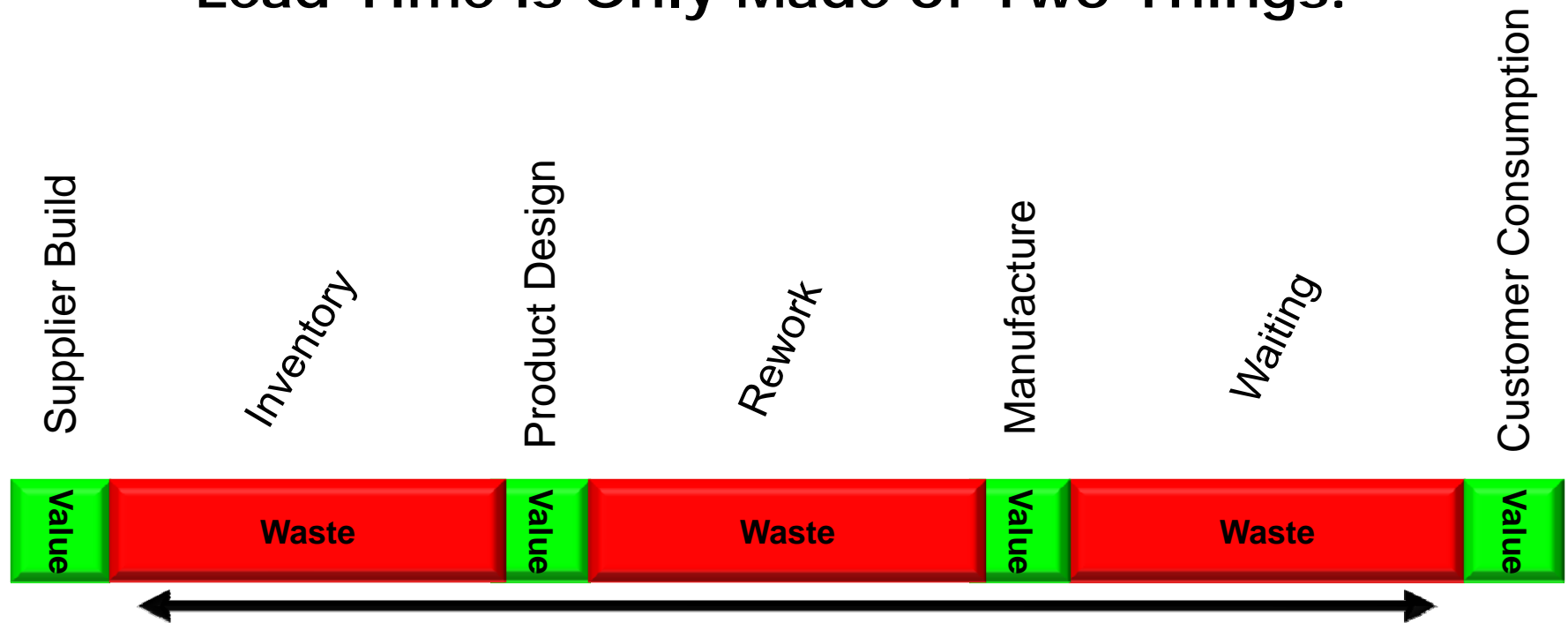
Focus on *Total Cost of Fulfillment*

- Systems Thinking to achieve quantum results



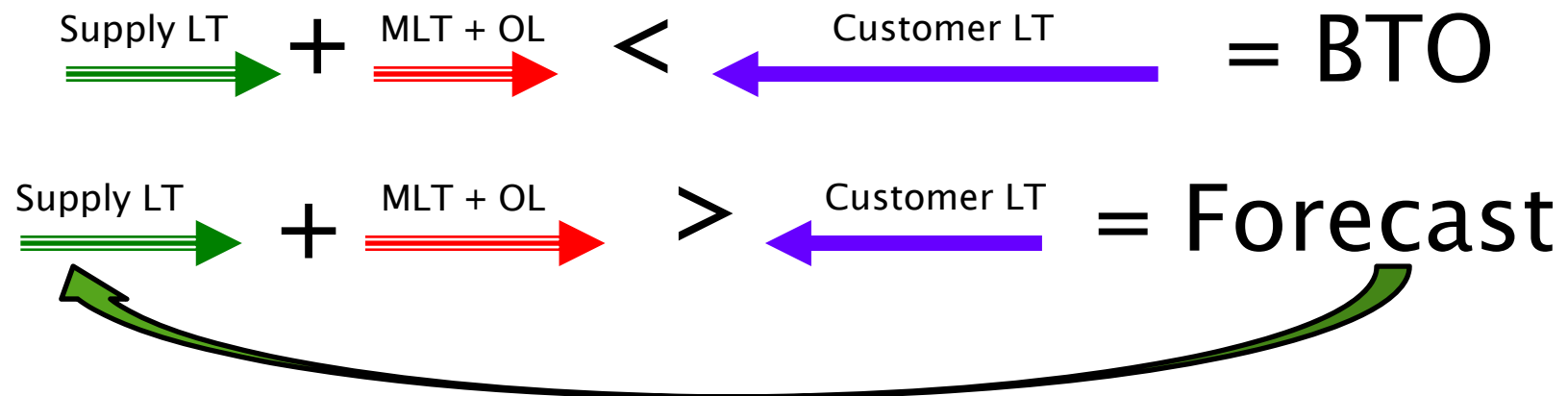
Lead Time = Value + Waste

Lead Time is Only Made of Two Things!



The Ultimate Business Model

Build to order = No overproduction so what's the problem?



Lean FS & Systems Thinking

The defining characteristic of a system is that it cannot be understood as a function of its isolated components. First, **the behavior of the system doesn't depend on what each part is doing but on how each part is interacting with the rest ...**

Kofman and Senge, 1993

All New Products every year with 100% new components...

You're a fool if you don't focus on BOM costs

What we need are more sales promotions!

I love it when a plan comes together...did it?



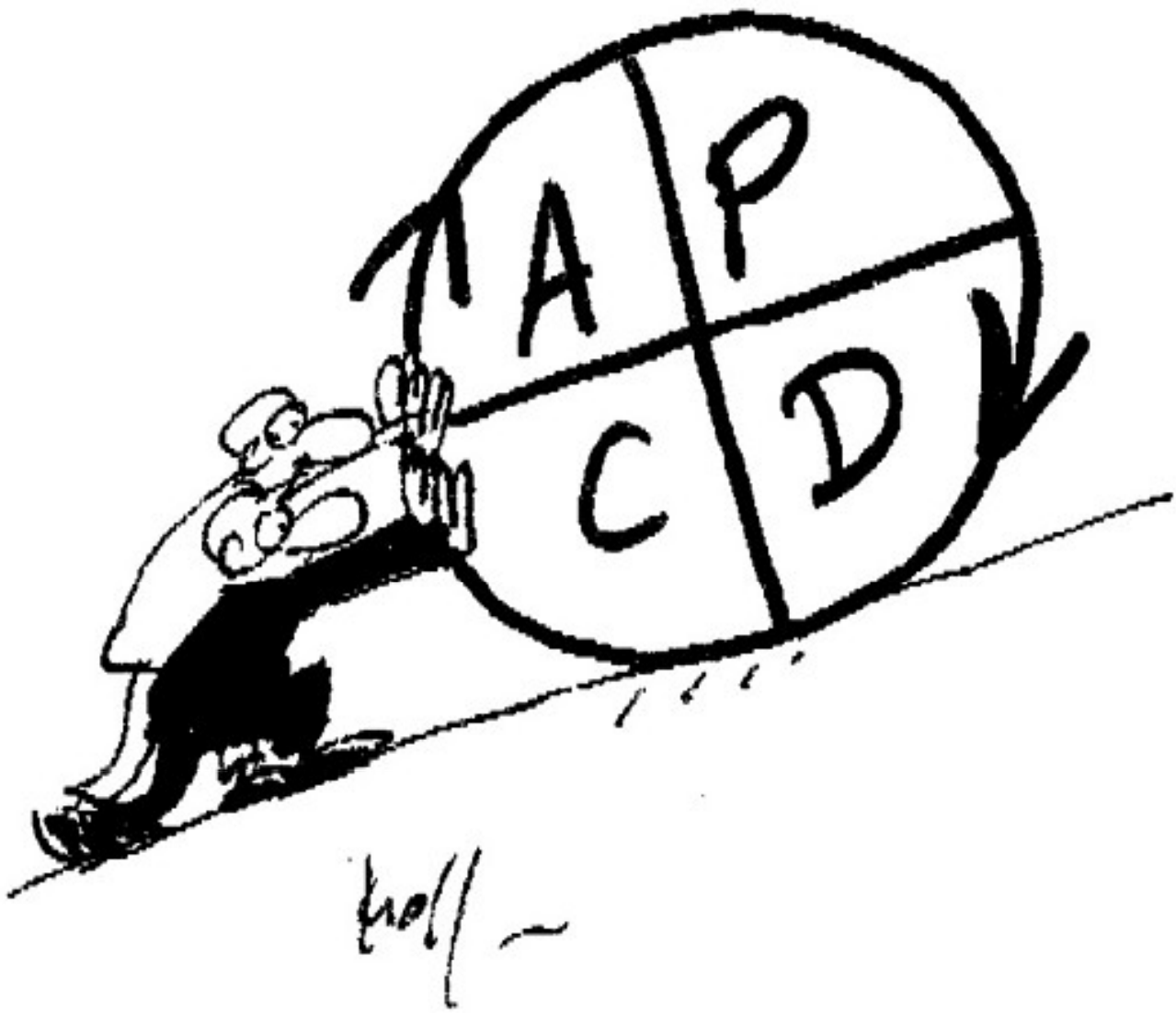


Processes Want to Fall Apart

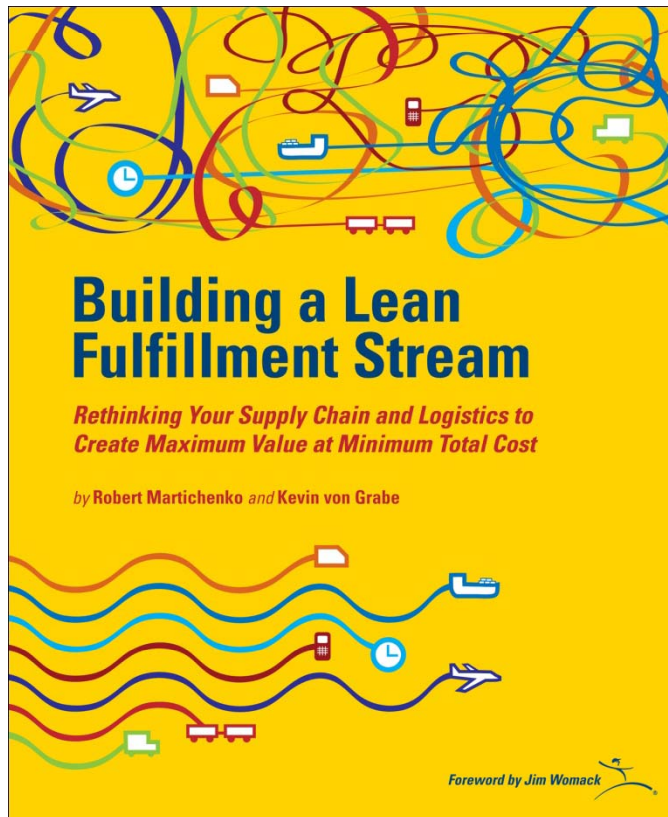
In a system, a process that occurs will tend to increase the total entropy of the universe.

Second law of thermodynamics





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