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by Bill Belt
President, Bill Belt Excellence (BBX)
World Wide Excellence Partner (WWXP)

THROWING OUT THE BABY WITH THE BATH

Recently the Vice President of Manufacturing of a metalworking company said to me, « We do Lean Production here. We don't want MRP II. If you deliver on time, you don't need MRP II. »

Like many other people, he was confusing *the planning technology MRP II* with the *software tool called Enterprise Resource Planning (ERP)*, which supports MRP II. The two are not the same breed of cat.

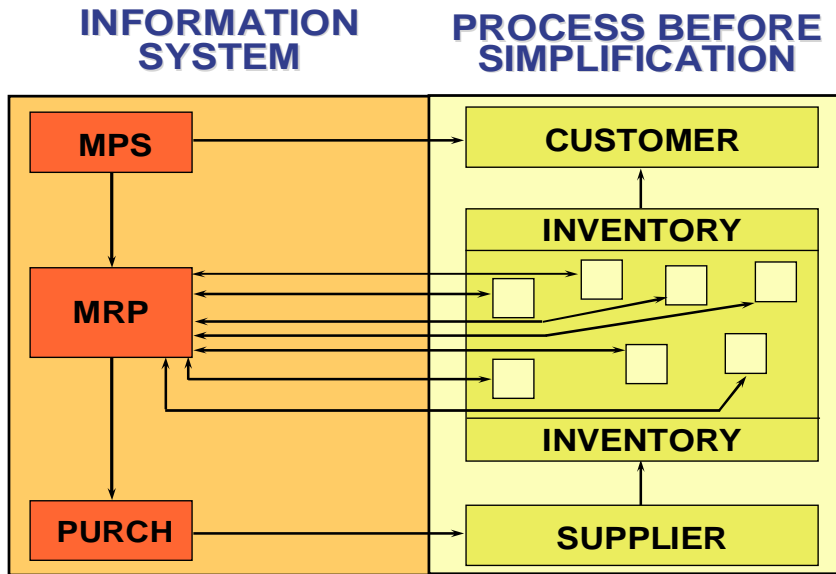
The Vice President of Operations of another company went so far as to say to his troops, "If you use the software, you're not Lean !" Without a doubt his message was understood loud and clear, because several months later the company had to shut down its assembly lines because of shortages !

Despite all of its power to accelerate product flow, Lean is nearsighted. It sees future events only fuzzily : how many customer orders will arrive, how many delivery call-offs, what engineering changes, what change in demand. But anyone who's ever worked in industry knows that customer demand doesn't arrive as if by magic ! It has to be sought after, estimated and managed. Lean is practically powerless to anticipate anything other than the average demand by product family in the Sales and Operating Plan (S&OP).

To anticipate demand and production and procurement flows, in order to avoid shortages, there's MRP II. Its great strength is to reflect current processes and then to project them out into the future, thus offering the visibility that is lacking in Lean. The great weakness of MRP II is its neutrality: it doesn't care whether a process is good or bad, whether it hides a lot of waste or not.

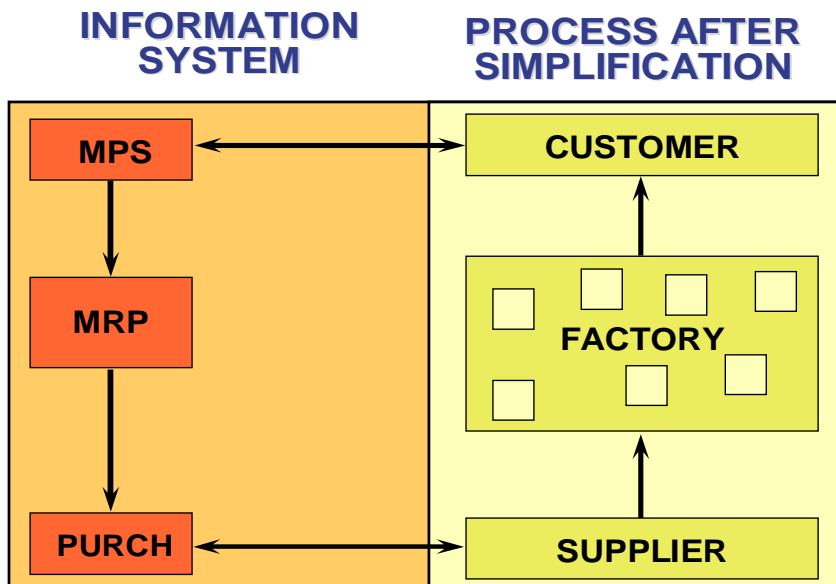
MRP II reflects current reality, including traditional Work Orders or Shop Orders that most companies still use today to release and track production. Many modern ERP packages have enormously increased production tracking, in order to feed data into their cost accounting modules.

The inflation of tracking functions is completely anti-Lean ! To the contrary, Lean wants to simplify product flows and shorten lead times so that detailed tracking can be avoided. Lean wants to change the environment from "transaction-rich":



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to an environment which is « transaction-lean » :



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MRP II is neutral in all that. It mirrors the environment that it is applied to, period. Lean is not neutral at all but spurs us on to simplify and accelerate product and information flows, which makes their reflection simpler and cleaner.

Throw out cumbersome and expensive Work Orders, get rid of costly tracking systems with multiple transactions, so that people can spend their time doing Lean ! But throwing out MRP II which is strong exactly where Lean is weak is a big mistake.

It's better to make MRP II lean.