



Linking Lean and ERP Systems Together for Sustained Advantage

Bill Metzger, President, TriMin Systems, Inc.

Introduction

Companies want to earn more profit and grow their business. With current pricing pressures, staying ahead of domestic and foreign competition requires the elimination of waste across every business function. Traditionally, Lean programs and activities have been focused on the shop floor and independent of the ERP system. This is rapidly changing as companies identify the need to integrate all business processes and software systems to sustain competitive advantages throughout the company. True benefits come to manufacturers who understand the appropriate use and integration of Lean principles with business processes and system software. Manufacturing companies are staying competitive and achieving their business goals through the use of software solutions and services built on a foundation of Lean principals.

Relationship between ERP and Lean Systems

Lean principles and implementations are not new to manufacturing companies. However, Lean and business system initiatives often have been mutually independent endeavors.

Business executives are learning that their continuous improvement programs (Lean Programs) and business systems must be integrated in order to eliminate waste of disparate systems, processes, and communications.

Lean and ERP systems are compatible and should be integrated into a single initiative for systemic and lasting change. Linking Lean and ERP process re-engineering together provides greater visibility of information across the company for improved decision-making.

The Purpose and Use of an ERP System

ERP systems are enterprise communication tools used to coordinate business information, operating data, proposed actions and operating schedules to everyone in the company. ERP systems consist of a common database of information to be analyzed and acted upon. They provide visibility to timely and focused information so business decisions can be effectively executed. It is a single source used by all people and departments to manage the business. Companies that fail to recognize the importance of structuring their ERP system

to their environment and achieving acceptable data accuracy often have difficulty achieving desired business results.

As a general rule, ERP systems that provide inaccurate or inappropriate actions are typically caused by companies failing to:

- Develop effective strategies and plans
- Establish effective business processes
- Maintain timely and accurate operating data

Lean Improvements Need to be Linked to ERP, so Results are Achieved Company-Wide and On-Going

Lean process improvements that are not formally linked to ERP systems create waste for other functions, people or schedules that depend on this information. This gap increases the inaccuracy between Lean and ERP Systems. Imagine a 30% reduction in process cycle time caused by a Lean kaizen event that does not get formally communicated to marketing, procurement, material planning, customer order management or the capacity planning functions. Visual pull systems developed for a local process must be communicated and linked through your business system (ERP) to sustain the Lean Program results across the company.

Summary

If you have developed islands of information between your Lean and ERP systems, you should consider the benefits associated with building accurate, integrated, and accessible information across your company. This is a journey well worth taking.

Bill Metzger

Bill is President and founder of TriMin Systems, Inc. located in St. Paul, MN. Bill has over 35 years of ERP systems and manufacturing experience in helping industrial companies achieve their business goals and objectives through the appropriate use of software and services. Prior to starting TriMin in 1986, Bill was with IBM Corporation and instrumental in developing and bringing to market manufacturing systems for IBM. Bill can be reached at 651-636-7667.