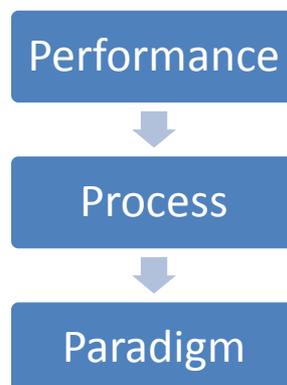


Developing a Lean Supply Chain

Prof. Keivan Zokaei

A few years ago I spent time with one of the UK's leading (non-food) retailers who had spent huge amounts on implementation of a new supply chain IT system. Our investigations quickly revealed that the users of the new system were not appropriately briefed about the way the system operated as an integrated whole and did not understand it outside their own immediate function leading to conflicting behaviour and demand distortion between stores, regional distribution centre, central distribution centre and suppliers. A simple simulation showed that if the system was switched off "demand amplification" would also come under control. In this case the behaviour of agents was driven by the IT system while their ability to think was severely dampened. One employee told me that the *"old manual system worked much better"*! Clearly one cannot blame the IT system for poor performance. Even worse, blaming the operators can only lead to mistrust and more barriers in communication.

Like any other system, in order to improve a supply chain, we need to begin by addressing the principles and philosophy which are underpinning the design of the current system. It is these principles which cause the sub-optimal performance of the system. Thinking or the **paradigm** of the system needs to be changed before acting on the **process** in order to achieve improved **performance**.



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The key word in Lean Thinking is ‘thinking’ rather than ‘lean’. But the question remains “how would you go about changing the thinking or paradigm in a supply chain”? Chris Argyris, one of the forefathers of ‘learning organisation’ suggested that truly sustainable learning occurs when individuals or organisations reflect on their actions and visit their fundamental governing values or their paradigms. One’s paradigm can be fundamentally addressed only through action. Therefore the supply chain interventionist needs, not only to design an action learning programme upon which supply chain managers can reflect on their performance and processes, but also they need to make alternative models with significantly different governing paradigms available. The author has been using one such intervention design in several large and small supply chain projects. In these projects a team of senior executives from across the supply chain commit to walk and analyse the entire value chain and to expose themselves to challenging alternative methods of thinking about the day to day performance issues.

Often these interventions lead to great success; but not always. The key to success often lies in the ability and influence of the interventionist in unearthing the governing paradigms as well as the willingness and the ability of the value chain analysis team in discerning the symptoms (performance) from the root cause (the process and the governing paradigms). In a recent example, we found that the supplier was adopting a push paradigm to achieve efficiencies whereas the customer was fundamentally expecting the supplier to react to erratic changes in ordering patterns with little or no warning. This had – inevitably – led to an adversarial relationship. By visiting their governing paradigms, both sides realised they need to modify their behaviour in order to achieve a more stable process and enhanced performance.

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