



E-Kanban: Blanket Purchase Orders and Lean Manufacturing

TR Cutler, Inc., October 15, 2005

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Blanket Purchase Orders and Lean Manufacturing E-Kanban style

PR9.NET October 15, 2005 - Blanket Purchase Orders are a "best practice" in the well-oiled kanban process. They minimize the flow of information between buyers and their suppliers, while maintaining the terms, conditions and integrity of the business relationship between the two parties. Datacraft Solutions (www.datacraftsolutions.com), the leader in e-kanban, found that while managing a large number of suppliers with many part numbers, managing the integrity of blanket purchase orders become an issue. For every given kanban release it is important to make sure that: an open purchase order still exists, and that there was enough remaining balance on the purchase order to cover the current purchase. The new Best Practice was "integrating the electronic kanban system" with a manufacturers current purchasing system. Kanbans are now guaranteed never to be sent to supplier unless there is a valid blanket purchase order.

FAX KANBAN is NOT Efficient and NOT Lean

At ten minutes per fax, someone is spending 3.5 hours per day in administration time. That inefficiency results in less time to utilize more suppliers or improve the relationships with existing suppliers.

Furthermore, even if 99% of those faxes are trouble free procurement signals, four faxes per month are going to be problematic and dilute the entire rationale for a lean manufacturing operation. Suppliers claim they did not receive the fax kanban; suppliers cannot make the shipment date requested and expedited shipping fees are incurred, or worse, there will be a stockout which will negatively impact customer service levels.

According to Matthew Marotta of Datacraft Solutions, "Process improvements with existing suppliers will further reduce lead times and inventory levels and bring more suppliers onto the system."

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