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The Kanban System

One of the biggest challenges for a manufacturer can be determining how much of an item needs to be produced at any given time – and in turn, exactly when and how much material is needed at the production line. Having too little material on hand can create delays; however a bigger problem lies when inventory levels are too high, creating excessive and often unnecessary material costs.

The solution? Replacing in-stock inventory with “just-in-time” scheduling and delivery methods, like the tried-and-true Kanban solution. Kanban, in Japanese, means “signal,” which defines its very approach of using demand to signal the supply chain of the need for inventory.

First pioneered by auto industry giant Toyota, the Kanban system allows smaller levels of inventory to be kept on hand, with more provided as the need arises. Think of the factory like a supermarket, with a finite number of products on the shelves. As the products are sold, those sales are communicated back to the warehouse, so more supply can be stocked accordingly. This preserves liquidity in the warehouse, and opens up space that can be better used for other things; whether it’s opened up for other, value-added tasks, or closed off to save on electricity and other waste. So how does it work? The Kanban system is actually very visual – and quite simple. Physical cards are attached to batches, racks, or pallets in the factory; when they are emptied, the ticket indicates the need to order more.



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There are many variations of this system; for instance, a two-card system uses “move” cards to relocate items from one place to another, and “produce” cards to replace material when its supply is depleted.

Want to know more about the many types of Kanban systems and which can work best for you? Contact us today for more information. **contactICA@ingenics.com**



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