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Just-in-time Productions

Just-in-time (JIT) production is one of the foundations of quality management and thus plays a critical role in the manufacturing process. Companies such as Toyota have worked hard towards cutting the excess cost of buying excess products and producing much stock to wait for customers to purchase. In the aftermath of World War II automakers in Japan struggled to survive therefore, resulting in high reduction in demand and increase cost of production hence affecting them including Toyota. This led to the need for just in time production methods in Toyota production system to eradicate all the waste. Correspondingly, Just-in-time productions are also known as Toyota production systems, invented by Toyota, in which the companies used to maintain large quantum of inventories where JIT concept eliminated the practice savings space and cost. It also leads to continuous flow in manufacturing or the production process.

Automotive industry deals with capital intensive products therefore, they have always focused on developing strategies that are cost-effective to reduce cost in their production process. JIT has been implemented by Toyota Company through making vehicles according to the orders obtained from their dealers. Thus, Toyota uses its supply chain in a manner that only the needed parts needed in car manufacturing are received just on time. JIT production method has been utilized by Toyota production system to reduce production costs as well as targeting to operate with a very low level of inventory. For instance, they applied JIT on its engine and gearbox assembly plant. In this case, the specific quantum of raw materials reached the assembly station exactly before the last part is about to consume in the assembly process (Operations Management - IITR, 2018). With this Just in time strategy, the company employed its supply chain to deliver the parts at the production line just in time when needed.

As a result, the use of JIT in Toyota production system increased efficiency of the line by eliminating wastes through receiving goods only as much as needed and when it is needed in the production process. Normally, it is important to implement the flow at the beat of the customer because there will be times when demand will be higher than production, thus, as a company, there is need to ensure that the cells and procedures are prepared, well-adjusted and prearranged to attain the pull of customers. At the end of the day, JIT production enabled the company to record savings of ~3 to 4% y-o-y carrying less stock and increased inventory turnover (Operations Management - IITR, 2018).

Implementation of JIT production is successful across different companies and industries such as Motorola and Hewlett-Packard. It not only minimizes excess inventory of raw material but also enables better logistics and warehouse systems management. Furthermore, the success of JIT is measured based on the benefits companies have. For instance, a decrease in the order to payment timeline because cashflow plays a critical role in the success and running of the company. Consequently, without JIT companies will have to purchase a lot of raw materials before getting earlier payments from the customer. Also, another benefit associated with the success of JIT is the decrease in the inventory rate because stock turns are enhanced as well as the quantity of stock held. Thanks to implementation of JIT production because companies have managed to save over ninety percent of the stock.

Reference

Operations Management - IITR. (2018). Lecture 56 Just In time (JIT).

<https://www.youtube.com/watch?v=HkdoR-NNEoI>

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