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### CONDITIONS NEED FOR JIT PRODUCTION TO BE SUCCESSFUL

#### Important conditions for Just-In-Time to be successful

##### **Relationships with suppliers have to be excellent.**

Suppliers must be prepared and able to supply fresh supplies at very short notice – short lead time. This often means that a firm will only have one, or at most two, suppliers for each component, so that a relationship of mutual benefit can be built up.

##### **Production staff must be multi-skilled and prepared to change jobs at short notice.**

Each worker must be able to switch to making different items at very short notice so that no excess supplies of any one product are made. For example, if a worker in a clothing factory usually makes men's denim jeans, but demand is falling, then the worker should be able to switch to making other garments that are still in demand.

##### **Equipment and machinery must be flexible.**

Old fashioned manufacturing equipment tended to be designed to produce one range of very similar products. This equipment would be most unsuitable for JIT based systems. The machinery would have to produce large batches of one type of component before being converted to making another item. Stocks of each item produced would be needed to cope with demand while it was producing other goods. Modern, computer controlled equipment is much more flexible and adaptable – often able to be changed with no more than a different software program. In this way, very small batches of each item can be produced which keeps stock levels to an absolute minimum. Such equipment is expensive and, therefore, JIT may not be so appropriate for small or underfinanced firms.

##### **Accurate demand forecasts will make JIT a much more successful policy.**

If it is very difficult for a firm to predict likely future sales levels, then keeping zero stocks of materials, parts and finished goods could be a very risky strategy. Demand forecasts can be

converted into production schedules that allow calculation of the precise number of components of each type needed over a certain time period.

**The latest IT equipment will allow JIT to be more successful.**

Accurate data-based records of sales, sales trends, re-order levels and so on will allow very low or zero stocks to be held. Similarly, if contact with suppliers can be set up with the latest electronic data exchanges, then automatic and immediate ordering can take place, when it is recorded that more components will shortly be required.

**Excellent employee–employer relationships are essential for JIT to operate smoothly.**

Any industrial-relations problem could lead to a break in supplies and the entire production system could grind to a halt. It is no coincidence that many of the businesses that have adopted JIT in Japan and in Europe have a 'no-strike' deal with the major trade unions.

**Quality must be everyone's priority.**

As there are no spare stocks to fall back on, it is essential that each component and product must be right first time. Any poor-quality goods that cannot be used will mean that a customer will not receive goods on time.