Introduction to Lean Manufacturing Competitiveness Scheme

Presented by: Foundation for MSME Clusters

Lean

A *systematic approach* to *identifying and eliminating waste* (**non-value-added activities**) through *continuous improvement* by *flowing the product at the pull of the customer* in *pursuit of perfection*."

Non-value added is an activity that takes time, resources or space, but does not add to the value of the product or service itself.

Value-added is an activity that transforms or shapes raw material or information to meet customer requirements.

What is Waste: It adds to the Cost without any value addition

Goal & benefit of Lean Manufacturing

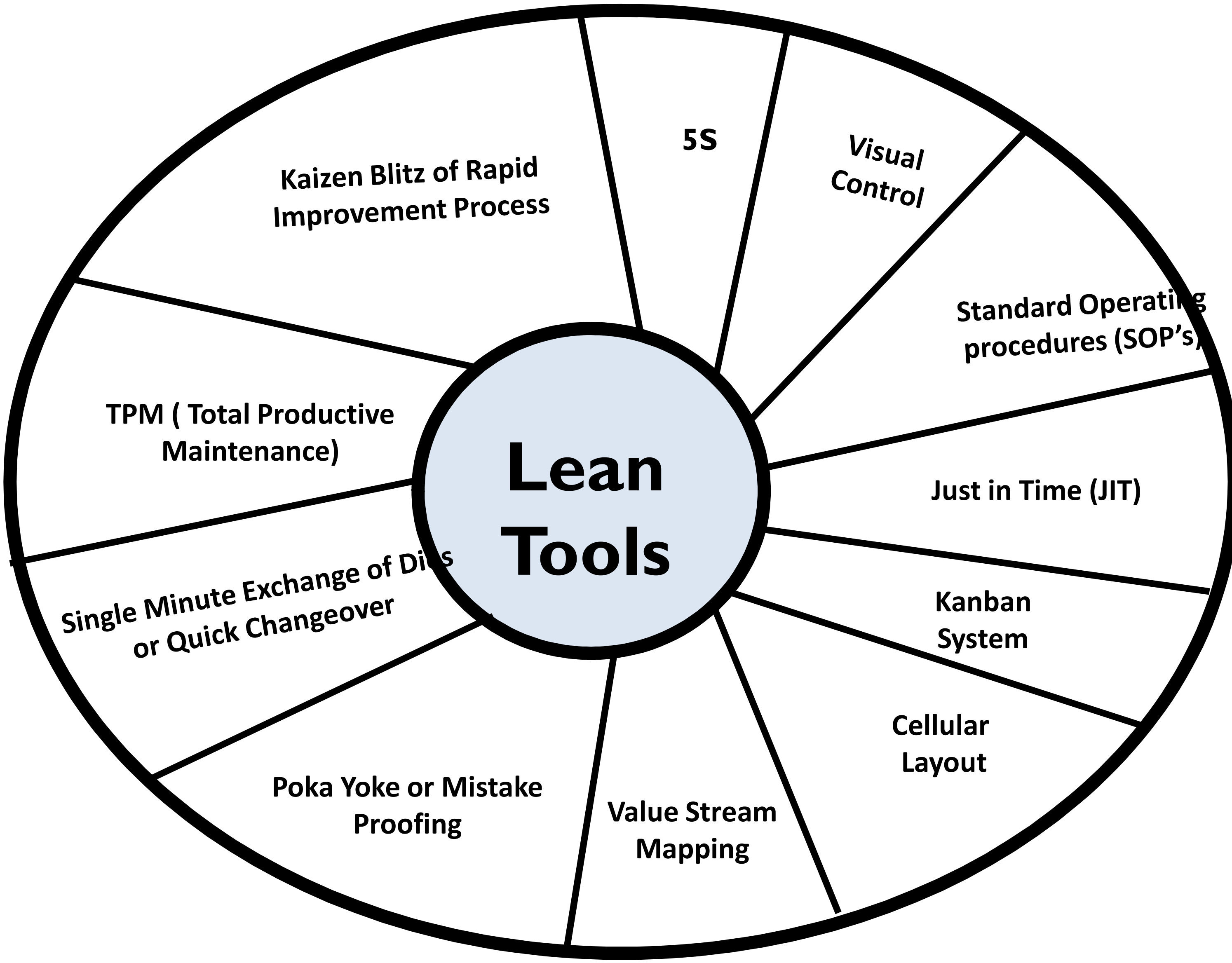
Goals

- Improvement in quality
- Elimination of waste
- Reduce time
- Cost optimization

Benefits

- Cost reduction
- Cycle time reduction
- “Waste” minimization
- Elimination of non-value-added activities
- Resulting in a more “lean,” competitive, agile, and market-responsive company

Lean Tools under the Scheme



Introduction to LMC Scheme

The Government has announced formulation of National Manufacturing Competitiveness Programme in 2005-06 with an objective to support the Small and Medium Enterprises (SMEs) in their endeavor to become competitive and adjust the competitive pressure caused by liberalization and moderation of tariff rates

Office of the Development Commissioner (Micro, Small and Medium Enterprises), Ministry of MSME has launched the National Manufacturing Competitiveness Programme to improve the competitiveness of Micro, Small and Medium Enterprises (MSME) Sector.

The initiative under NMCP aims at increasing productivity, upgrading technology and conserving energy in manufacturing processes as well as expanding domestic and global market share of Indian MSME products.

One of the components of NMCP is Lean Manufacturing Competitiveness Scheme and its upscale version ready to launch after successful completion of first phase. The scheme will be implemented in 500 mini clusters in 12th Five Year Plan.

Objective of Scheme

1. Reducing Waste
2. Increasing Productivity
3. Introducing Innovative Practices for Improving overall Competitiveness
4. Inculcating Good Management Systems
5. Imbibing a Culture of Continuous Improvement

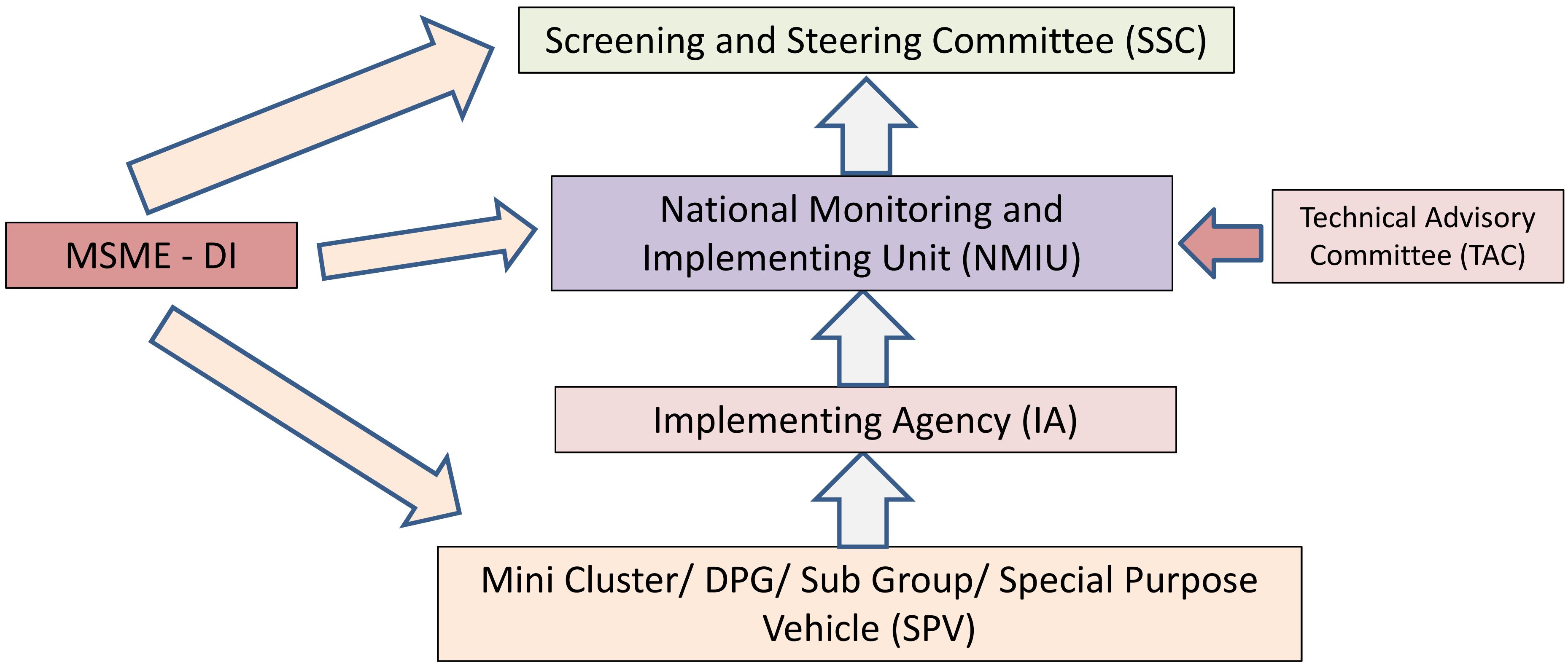
Implementation Arrangement

❖ A three tier arrangement has been proposed in the Scheme. A **Mini Cluster (MC)** would be formed at the **lowest tier**. The units of MC would work with assigned **Lean Manufacturing Consultant** to implement the specific Lean Manufacturing techniques.

❖The **next higher level tier, National Monitoring and Implementing Units (NMIUs)** will be responsible for facilitating, implementation and monitoring of the scheme.

❖**At the highest level, Screening and Steering Committee** will provide overall direction to the scheme and will be headed by the **Development Commissioner (MSME)**

Implementation Arrangement



Mini Cluster

- Group of preferably 10 MSME’s located within an identifiable and as far as practicable, contiguous area and manufacturing same/ similar products
- Mini cluster can be formed with minimum of 6 MSME units as well
- MSMEs should have “entrepreneur memorandum number/DIC certificate “ for taking the scheme

All the units of the mini cluster would work with assigned Lean Manufacturing Consultant (LMC) to implement the specific LM technique.

Lean manufacturing consultant

Foundation for MSME is empanelled consultant with both the NMIU:

1. *National Productivity Council*
2. *Quality Council of India*

Implementation with milestones

Total implementation period of 18 months for each Mini Cluster under the LMCS

- 1st Miles Stone – Completion of Cluster Specific Diagnostic Study Report (DSR). DSR includes –
- Existing Status (5s, workspace management, Safety, health, energy conservation, Single Minutes of Exchange of Dies, TPM, Reduction in inventory, Organization Structure, Layout , process of Manufacture, visual base line survey, identification of 7 wastes, inventory practices, top chronic problems etc.)
- Time Bound targets for achieving Incremental Improvements. Parameters are rated on a scale of 1- 10
- Phase wise Action Plan
- Qualitative , Quantitative, monetary benefits likely to be achieved

2nd, 3rd, 4th and 5th Milestones – Incremental Improvements to next stage on the scale of 1 - 10

Scheme

Particular	Scheme Requirement
Implementation Period	18 months
LM Consultant Fees	Rs. 36 Lakhs (Max.)
MSME –DI	Will be involved in Audit, Awareness program, formation of Cluster etc.
Payment Terms	Pro Rata. Maximum cluster size limited to 10 units
Contribution from Industries	20%
SPV formation	Sub Groups/ Distinct product Groups can also form cluster

Thank You !