

What is Just in Time Management?

Just in time management- Just-in-time (JIT) is an inventory strategy companies employ to increase efficiency and decrease waste by receiving goods only as they are needed in the production process, thereby reducing inventory costs. This method requires producers to forecast demand accurately.

This method relies on signals given at different points in the production process that tell the manufacturer when to make the next part. Stock depletion signals the ordering of new parts. The just-in-time method is used by major auto manufacturers, such as Toyota, who take advantage of synchronized assembly line systems.

where and how does it work?

A good example of **Just in Time management** that you would have seen personally is with Tesco express just outside our school. They stock up and only stock up the right amount essential goods such as milk and bread when they need it. So, when they run out of it on the shelves they can restock.

The till keeps on track of how much of something is being bought. For this case lets use bread. The computer knows how much bread you last were supplied with. Once all of them or almost of the bread have been bought then the computer sends a message to the manager who then sends for suppliers to deliver a new batch of bread.

Advantages

- Advantages:
- *Lower stock holding means a reduction in storage space which saves rent and insurance costs.
 - *As stock is only obtained when it is needed, less working capital is tied up in stock
 - *There is less likelihood of stock perishing, becoming obsolete or out of date
 - *Avoids the build-up of unsold finished product that can occur with sudden changes in demand
 - *Less time is spent on checking and re-working the product of others as the emphasis is on getting the work right first time

Disadvantages

- Disadvantages:
- *There is little room for mistakes as minimal stock is kept for re-working faulty product
 - *Production is very reliant on suppliers and if stock is not delivered on time, the whole production schedule can be delayed.
 - *There is no spare finished product available to meet unexpected orders, because all product is made to meet actual orders – however, JIT is a very responsive method of production.

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Not published yet.
Last updated 7th February, 2017.
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