

Addressing the Potential Takeback Effect of Efficiency Improvement in a Lean Implementation

Jerrick Christopher Dy, Kelvin Lee, Daphne Anne B. Patricio and Anna Bella Siriban-Manalang*

*Industrial Engineering Department, De La Salle University, Manila, Philippines
manalanga@dlsu.edu.ph**

Abstract

Downtime reduction in a High density Polyethylene Sando Bag Production of a company produces a correlated takeback effect of overproduction. The inefficiency of the company incurs an annual cost of Php14,442,316.56. Increasing system efficiency will increase the already high finished goods inventory of the company from 169,471.80 kgs per year to 370,059.53 kgs per year or a net increase of 118%. It is necessary therefore that the correlated takeback effect be addressed using simulation, forecasting techniques and inventory policies resulting to a holistic and preemptive way of solving potential systems problems.