
How Toyota's Kanban philosophy differs from a typical Western company

Factors	Toyota's Kanban	Western Philosophy
Inventory	A liability. Every effort must be extended to do away with it.	An asset. It protects against forecast errors, machine problems, late vendor deliveries. More inventory is "safer".
Lot sizes	Immediate needs only. A minimum replenishment quantity is desired for both manufactured and purchased parts.	Formulas. We're always revising the optimum lot size with some formula based on the trade-off between the cost of inventories and the cost of set up.
Set ups	Make them insignificant. This requires either extremely rapid changeover to minimize the impact on production, or the availability of extra machines already set up. Fast changeover permits small lot sizes to be practical, and allows a wide variety of parts to be made frequently.	Low priority. Maximum output is the usual goal. Rarely does similar thought and effort go into achieving quick changeover.
Queues	Eliminate them. When problems occur, identify the causes and correct them. The correction process is aided when queues are small. If the queues are small, it surfaces the need to identify and fix the cause.	Necessary investment. Queues permit succeeding operations to continue in the event of a problem with the feeding operation. Also, by providing a selection of jobs, the factory management has greater opportunity to match up varying operator skills and machine capabilities, combine set ups and thus contribute to the efficiency of the operation.
Vendors	Co-workers. They're part of the team. Multiple deliveries for all active items are expected daily. The vendor takes care of the needs of the customer, and the customer treats the vendor as an extension of his factory.	Adversaries. Multiple sources are the rule, and it's typical to play them off against each other.
Quality	Zero defects. If quality is not 100%, production is in jeopardy.	Tolerate some scrap. We usually track what the actual scrap has been and develop formulas for predicting it
Equipment maintenance	Constant and effective. Machine breakdowns must be minimal.	As required. But not critical because we have queues available.
Lead times	Keep them short. This simplifies the job of	The longer the better. Most foremen and purchasing agents

marketing, purchasing, and manufacturing as it reduces the need for expediting.

Workers

Management by consensus. Changes are not made until consensus is reached, whether or not a bit of arm twisting is involved. The vital ingredient of "ownership" is achieved.

want more lead time, not less.

Management by edict. New systems are installed in spite of the workers, not thanks to the workers. Then we concentrate on measurements to determine whether or not they're doing it.

(Source: Goddard, W., Kanban versus MRP2 - which is best for you?, *Modern Materials Handling*, Nov. 5, 1982.)