Lean thinking in the order payment process

Achieving a structural reduction of Purchase Order issues

“A PO-Issue is any discrepancy in the process of ordering and receiving goods that troubles the normal supply chain and payment process”

MHI Equipment Europe (MEE) is a manufacturer of turbochargers and diesel engines, located in Almere, the Netherlands. The project focused only on the turbocharger department.

The worldwide demand for fuel efficient vehicles has increased due to tightening emission standards. One of the ways to achieve lower fuel consumption and exhaust gas emissions is the downsizing of engines. To maintain the same amount of power downsizing is often combined with turbo charging. In this way it’s possible to create powerful engines which meet the tight emission standards. The increased demand for turbochargers from automotive OEM’s in the past 5 years has meant an enormous increase in production at the MEE plant. This in turn has led to an increased number of purchase orders, but also a higher amount of discrepancies in the payment process.

To reduce the size of the problem two students Automotive Management were asked to perform a graduation assignment according to this subject. Research was done to find the causes of the problem, define structural solutions and implement these in the company.

The result of the graduation assignment will be presented in 1.13 at 10.00 a.m. on the 18th of January 2012.