Lesson 3 – “48/7”

“It’s all about service” Mick explains, “there’s a real threat of a major new competitor in the market place and we want to compete against them on service instead of on price”.

“What do you mean by service, exactly?” you ask. “It’s our turnaround times, “Mick continues, “most of our retail stores tell customers it takes 1-2 weeks for us to deliver their new glasses to them, we want them to offer a 48 hour service”

“That’s a big change…how long does it really take us to deliver to stores?” “Somewhere between 5 and 9 days on average, but some take a lot longer, particularly if they’ve been rejected a few times, truth is – we don’t have a good feel for how long it is really taking to make our deliveries”. “All the different departments have different lead times, different volumes, different reject rates and different headcounts…quite frankly; I don’t know where to start. Can you help?”

“Sounds like we need a simple view of the end-to-end process, maybe with that we can start to prioritise our lead-time improvements?”

“Excellent idea, we’ve got some basic reports on each of the individual departments, will that be enough?”

Work In progress report

|  |  |  |
| --- | --- | --- |
| Department | Work In Progress | Daily Output |
| Not yet started | 1,000 | 10,000 |
| Grind | 2,000 | 10,000 |
| Multicoating | 2,000 | 10,000 |
| Fitting Prep | 2000 | 10,000 |
| Fitting | 8,000 | 10,000 |
| TOTAL | 15,000 | 10,000 |

Labour capacity report

|  |  |  |  |
| --- | --- | --- | --- |
| Department | Capacity utilization | Headcount per shift | shifts |
| Grind | 80% | 50 | 2 |
| Multicoating | 98% | 20 | 3 |
| Fitting Prep | 95% | 20 | 2 |
| Fitting | 120% | 25 | 2 |

As you are leaving the office Mick calls out “I think we’ll call our new lead time project “48/7” ….because we want to give 48 hour service to our stores 7 days a week. Drop back to me before you go home tonight and let me know which department we should target to improve our lead times”

Questions

1. How will you answer Mick’s question when you meet him at the end of the day?
2. What analysis tool did you use to reach a decision, and explain why you made that choice?