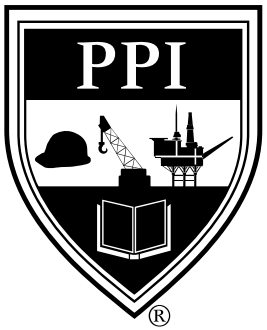

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Lead Time Compression – Hidden Potential

Why is Lead Time Important?

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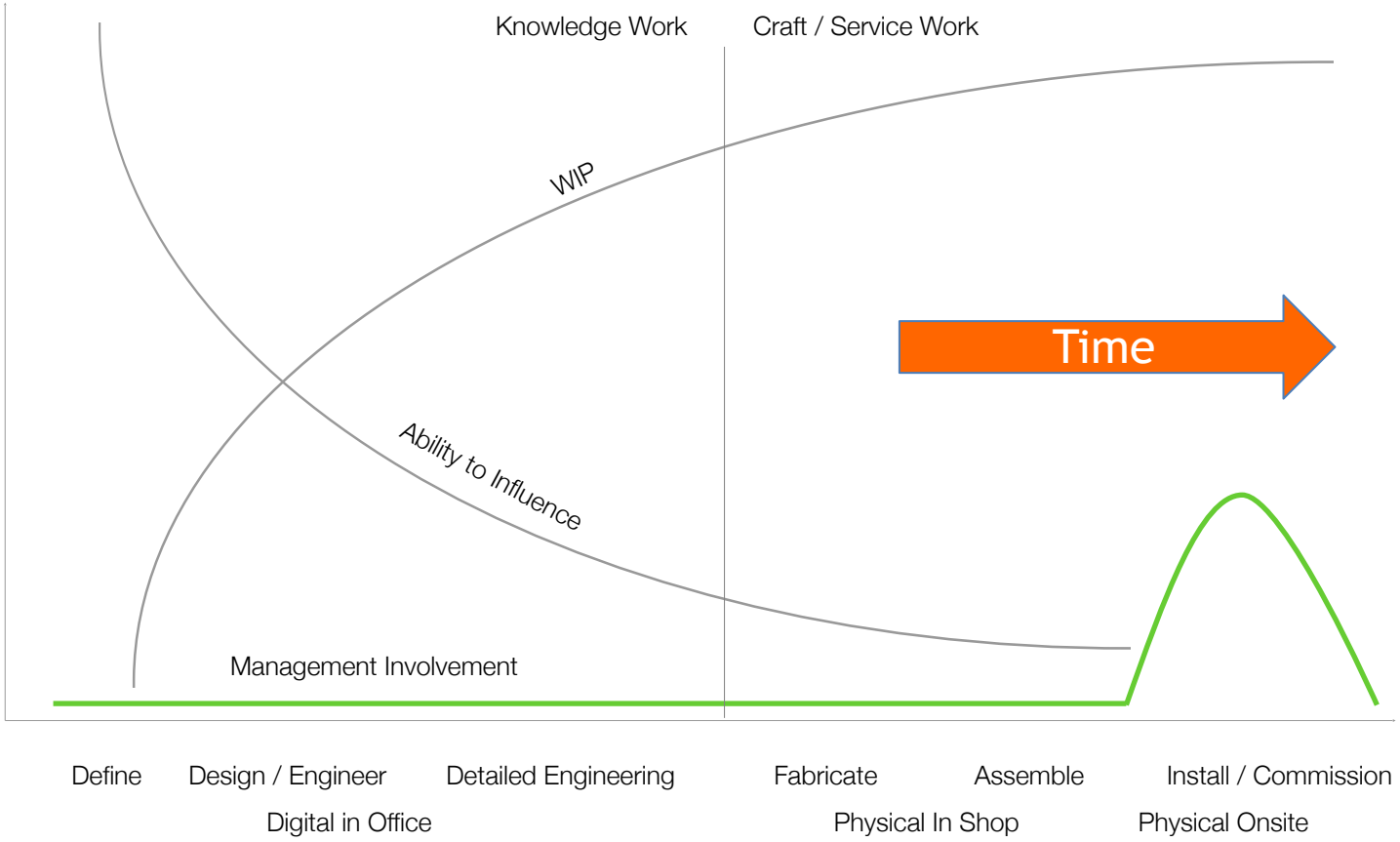

Ability to Influence Curve adapted from Gluck & Foster HBR September 1975

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Long-term operability

Less optimal solution

Rework or obsolescence of design or fabricated components

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What is Lead Time?

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Lead Time

vs

Cycle Time

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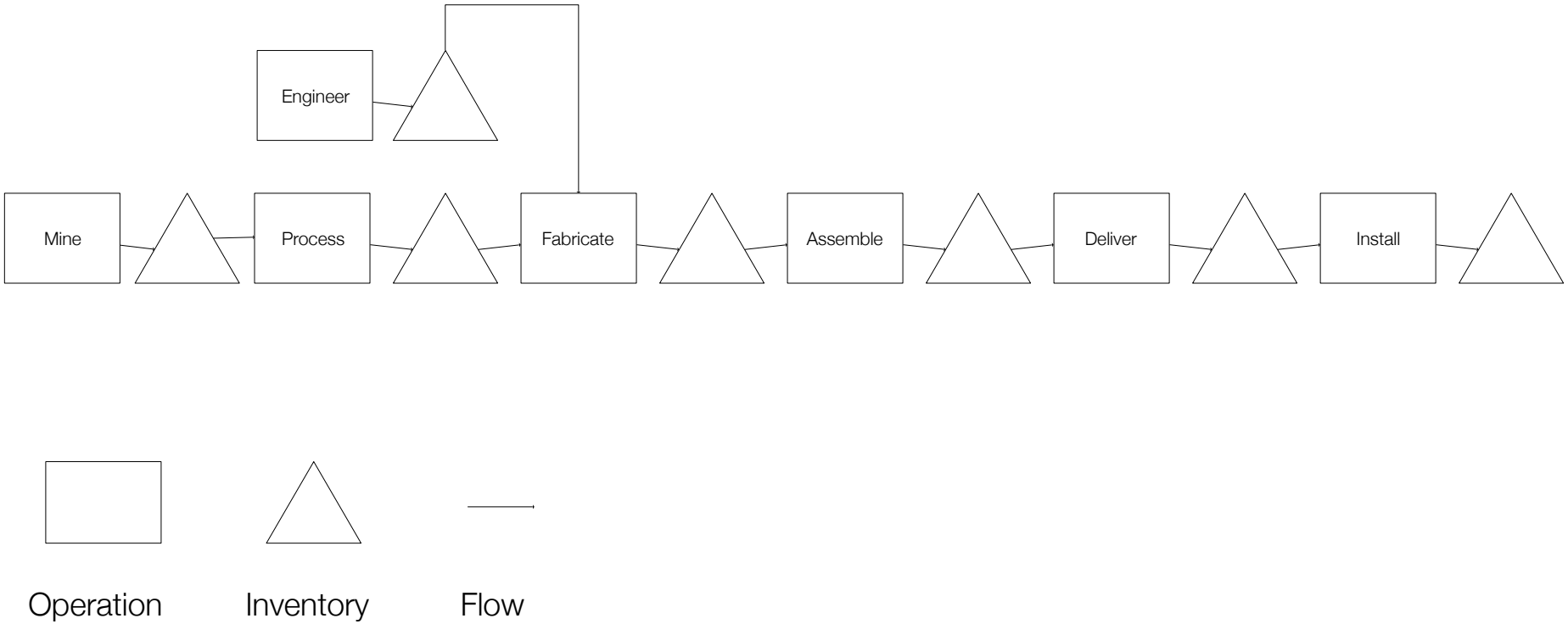

Operation Inventory Flow

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Lead Time

Time allotted by a supplier for the production and delivery of the part or equipment ordered

Hopp and Spearman (2011) “Factory Physics”

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Cycle Time

Average time from when a supplier authorizes work to be started on producing the equipment to when it exits production

Hopp and Spearman (2011) “Factory Physics”

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Process Time

Time a part or piece of equipment spends actually being worked on in production until it is finished, eliminating any time spent in holding and inventory waiting to be worked on

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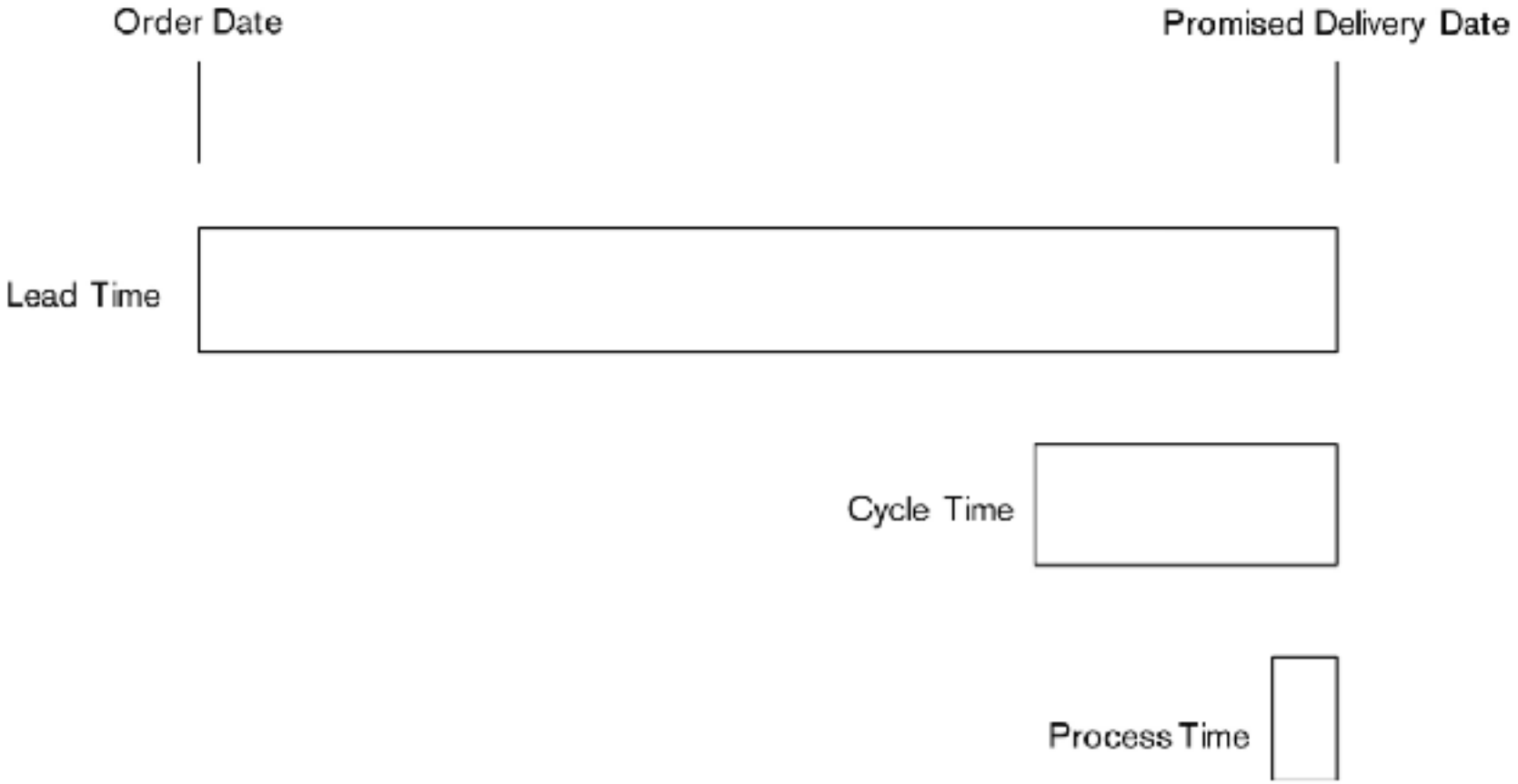

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Made to Stock

In supplier’s catalog and made to stock

Min / max inventory

Made to Order

In supplier’s catalog, but not made to stock

Signal the start of fabrication

Engineered to Order

Unique items (not in any supplier’s catalog)

Requires control of detailed engineering

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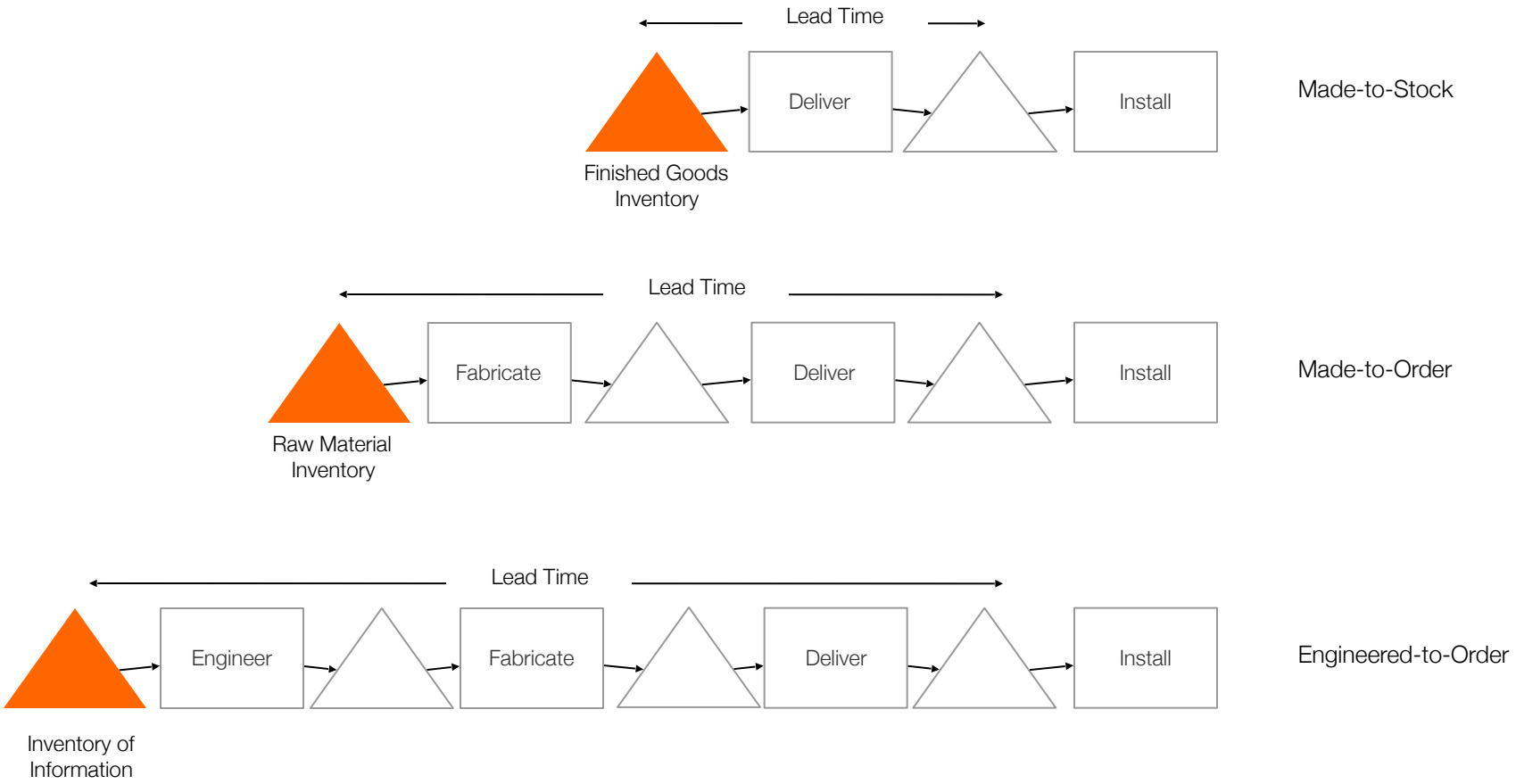
Three Types of Supply Flows



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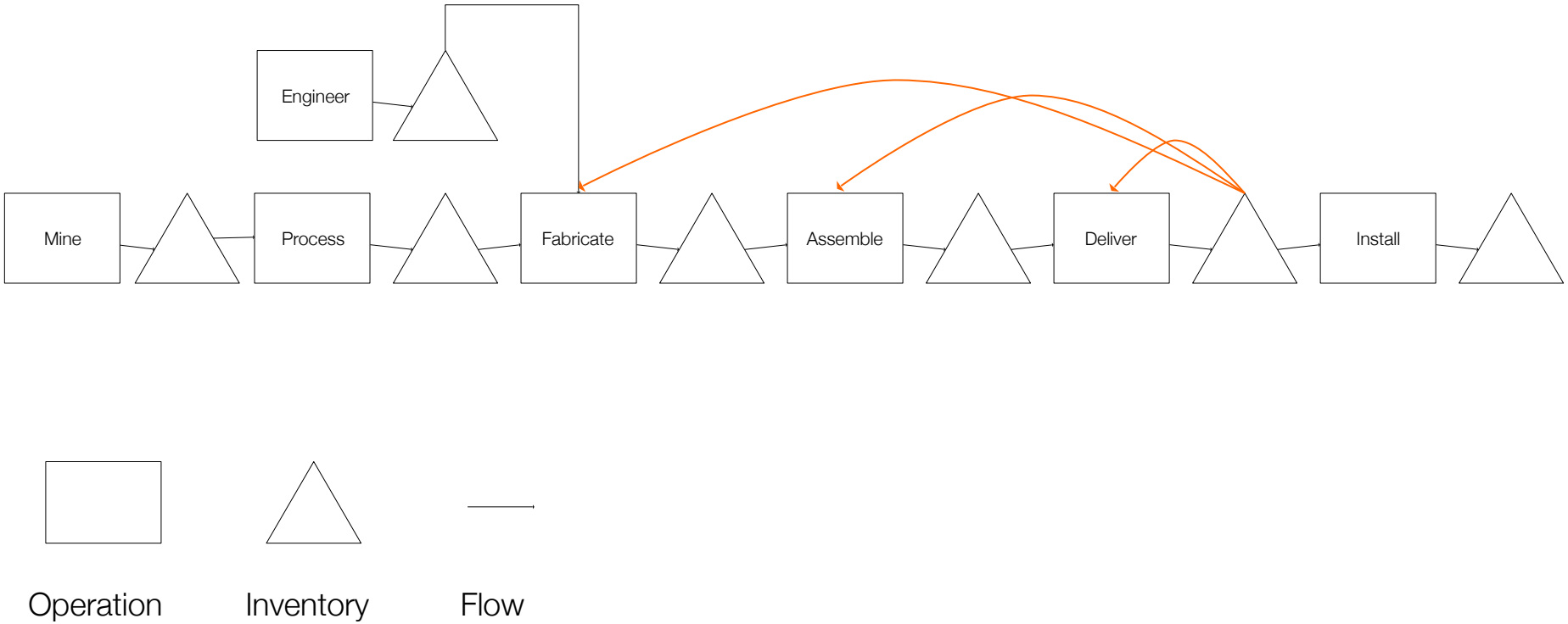

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More time to develop appropriate solution

Reduced WIP & associated tied-up cash

Agility to adapt to change

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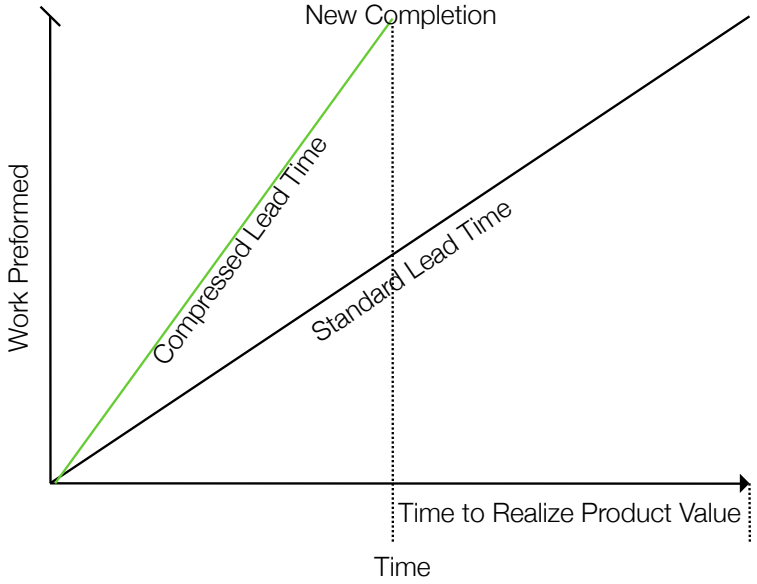
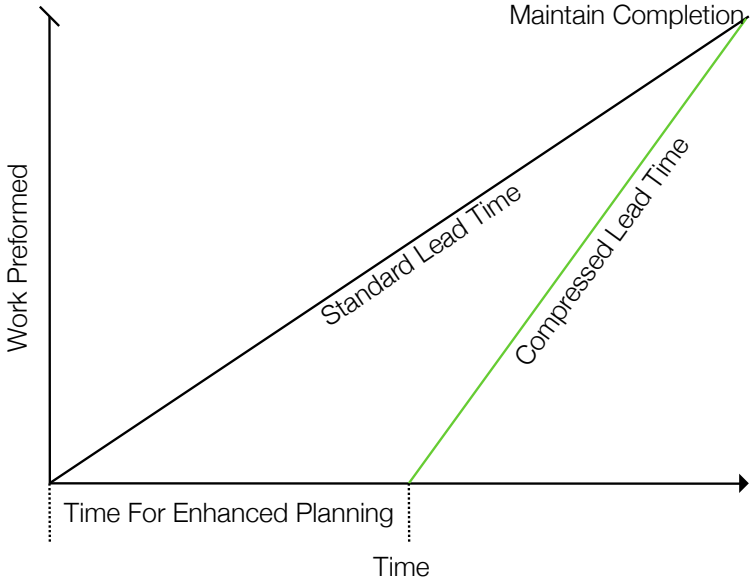


Start Sooner Get Completed Sooner



Start Later Generate More Value Get Done at the Same Time

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Take lead-time as given

vs

Affect lead-time

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