Why you should no longer focus on supply reliability

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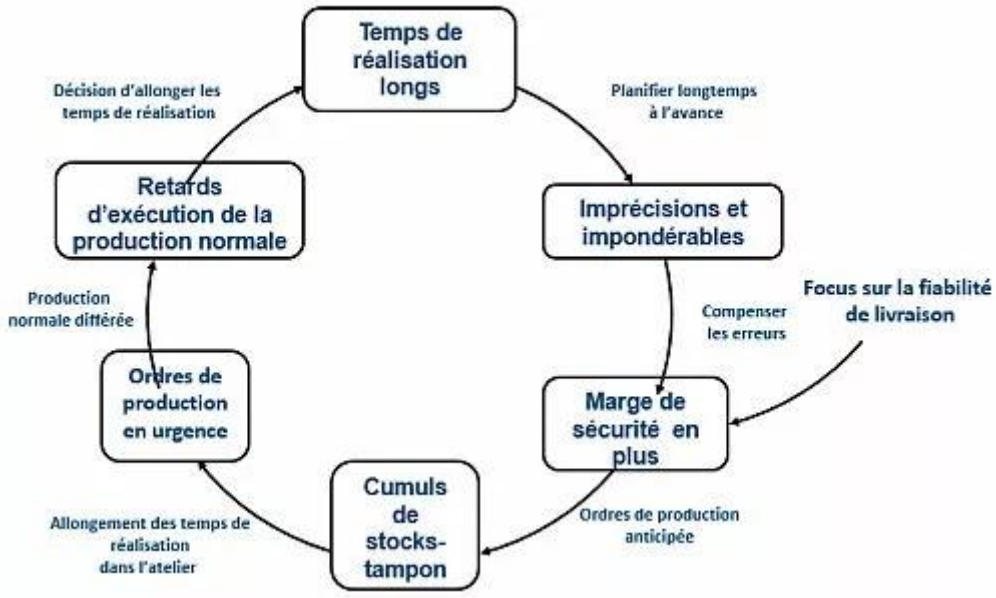
Pascal Pollet

Supply reliability is an important factor for many customers when assessing your company. How can you improve it? Research has shown that the key to better supply reliability doesn't always depend on simply focusing on it.

Pitfalls: building in a time safety margin

Planners feeling under pressure to increase levels of supply reliability often tend to build in extra time safety margins when setting things up. However this is really a pitfall that leads to a negative spiral.

Enlarging the throughput parameters in the system by increasing the time safety margin has the effect that orders are released earlier, thereby resulting in having to raise levels of intermediate stocks on the shop floor. Larger intermediate stocks actually lead to longer lead times on the work floor. Because the lead times are longer, more rush orders have to be processed that are given priority over normal orders. Therefore delays with normal orders increase and the lead times lengthen correspondingly. These longer lead times then force the planning department to plan further into the future. This results in greater inaccuracies in order planning, which once again puts supply reliability under pressure. Then in turn the tendency arises to lengthen the time safety



The lead time spiral forms a vicious circle that undermines supply reliability.

The moral of this story is as follows: you cannot improve supply reliability by simply focusing everything on to it. You cannot control the lead time spiral by manipulating the planning parameters. The only solution is to break the spiral by focusing on shortening the lead times. Shorter lead times push the spiral in the opposite direction, which in turn results in drastic improvements in supply reliability.

Using capacity as a lever

It has emerged from international research carried out recently that making careful adjustments to the available capacity acts as an important lever in getting lead times under control and improving supply reliability.

Read the complete article on Techniline! (in Dutch/French)

Learn how to shorten lead times!

Do you want to shorten your lead times even further while improving supply reliability at the same time? Quick response manufacturing (QRM) is the right choice to achieve this! This strategy is aimed at realizing shorter lead times on the production floor. Many Belgian companies have already successfully put it to the test!

How does QRM actually work? How do you go about successful implementation? Find out on **11 October** during the Quick Response Manufacturing Masterclass from the spiritual father of QRM, **Rajan Suri**!

Authors



Pascal Pollet