Why advanced planning tools are sometimes disappointing

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Pascal Pollet

Many manufacturing companies dream about streamlined planning and investing in advanced planning tools. This way they hope to control the pressure on the shop floor, offer shorter lead times and provide more punctual deliveries. But despite those high expectations, such tools can sometimes produce disappointing results.

A wide range of modern planning tools is available, each with its own specific functionality designed to help companies streamline their workload. But despite the inherent intelligence, they have difficulty in succeeding to provide accurate planning. This has everything to do with the ultimate goal of the tools, which is predicting when an order will be ready. So that a prediction can be made of the ultimate order date, you have to estimate the lead time, but unfortunately this would appear to be a difficult task.

Influencing factors

The first specific factor for the lead time concerns utilisation capacity, the percentage working time available at a work position. Noteworthy: As soon as the utilisation capacity exceeds 80%, the lead time suddenly rises sharply. Or: the busier it is, the longer it takes.

Moreover, there are also many unpredictable factors that can put a spanner in the works: breakdowns, problems with materials, late deliveries, etc. These factors make it impossible to predict lead times accurately. High levels of utilisation capacity tend to magnify the unpredictable factors, so that minor problems on the shop floor can lead to substantial differences in the lead times actually achieved.

Solution for the planning paradox

Companies suffering from long and highly variable lead times feel they have the greatest need for good planning systems. Although their lead times are typically caused by a combination of high utilisation capacity and a number of unpredictable factors. This combination makes planning especially difficult. This is the essence of the planning paradox: wherever the perceived need for a planning systems is greatest, the planning tools will end up being the least efficient.

It is therefore essential to get to the root of the problem. This means focusing on the lead time itself. Quick response manufacturing (QRM) is a good strategy for this. QRM aims for shorter lead times in complex situations - lots of customisation, low volumes - where planning is already a tricky business.

Masterclass: QRM in practice
How does QRM actually work? How do you go about successful implementation? Find out on 11 October from Rajan Suri, the spiritual father of QRM. Apply now for the Quick Response Manufacturing masterclass.
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Authors



Pascal Pollet